

The NATIONAL UNDERWRITER

This unusual shape is an ink blot used in psychological tests to measure intellectual and emotional processes.



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Fast, Complete Service On All
High Capacity or Hard-to-Place Risks**

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Increase your premium income—enlarge your insurance service now by contacting Illinois R. B. Jones on all high capacity or unusual risks. You not only get complete, accurate service from Illinois R. B. Jones, it's also fast—an immediate answer to your problems on hard-to-place risks. Such service is possible only because of long association with Lloyd's London exclusively.

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Here's the answer to your high capacity or reinsurance problems—contact Illinois R. B. Jones! Because of long experience with Lloyd's London exclusively—Illinois R. B. Jones is equipped and qualified to help you with your agents' unusual risk problems. A fast, accurate answer to your request for reinsurance, or insurance of business you prefer not to handle direct, is the reason for Illinois R. B. Jones' success.

**Fire • Casualty • Inland Marine • Reinsurance
Excess Insurance • Chattel Mortgage Non-filing
Personal Accident and All Special Coverages
We Serve Only Agents, Brokers and Companies**

Illinois R. B. Jones Inc.

175 West Jackson Blvd., Chicago 4, Illinois
Telephone: WAbash 2-8544, Teletype: CG-2249
C. Reid Cloon, Vice-President



THURSDAY, JUNE 11, 1953



Office routine giving you a headache?

Spending too many painful hours in the office? Harassed by routine and pressed for time? Could be that incorrect office procedures are to blame!

Naturally you want to render prompt and accurate service to your policyholders and prospective customers. But you can't do the job you'd like—if you're compelled to spend valuable time on office detail that could be better organized.

North America's Staff Department is constantly advising Agents regarding proper office routine, procedures and equipment. The essence of this service to Agents is contained in a recent series of articles in *The North America Fieldman*, reprints of

which are available through the North America Service Office.

This advisory service is another of the "Plus Values" that come from representing the North America Companies. Ask the nearest North America Service Office for details about this and other North America "extras."



NORTH AMERICA COMPANIES

Insurance Company of North America
Indemnity Insurance Company of North America
Philadelphia Fire and Marine Insurance Company

PROTECT WHAT YOU HAVE®

Philadelphia 1, Pa.

Pioneers in Protection—Serving with 20,000 Agents in the Public Interest

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The NATIONAL UNDERWRITER

57th Year, No. 24
June 11, 1953

The National Weekly Newspaper of Fire and Casualty Insurance

Lloyds Reinsurance Is Big Topic at N.A.I.C. Meeting

Michigan, Ohio and Massachusetts Hard Hit By Tornados, Insurance Loss in the Millions

Flint and Cleveland Suffer Heavily; 145 Dead in Midwest

Mass. Twister Smashes Factories, Catastrophe Numbers Assigned

Prohibition After Dec. 31 Would Mean Hardship or Insolvency in Some Cases

SAN FRANCISCO—The first session during the N.A.I.C. meeting here on how to deal with London Lloyds reinsurance was held Monday afternoon before a committee headed by Knowlton of New Hampshire. Other sessions were needed because the N.A.I.C. official position, unless modified in short order, would cause hardship and indeed insolvency for a number of companies after Dec. 31, 1953. This is that credit could no longer be taken for reinsurance in Lloyds.

There were present important Lloyds personages from England as well as from New York and the discussion ran uphill and down and even included the amazing proposal on the part of Commissioner Jensen of North Dakota that London Lloyds invite N.A.I.C. to send a crew of examiners to London to stage an audit of Lloyds.

One possibility was that the commissioners again might duck making a final decision on the merits of the case and simply defer the deadline again. For instance Maynard Garrison, former California commissioner, representing a number of small companies, said his companies need Lloyds reinsurance; the U. S. market doesn't give them what they require. If the ruling of Commissioner Maloney of California isn't changed, which would disallow premium reserve credit for Lloyds reinsurance after Dec. 31, he said many of these companies would become insolvent and this deadline would result in harming innocent people. It is an emergency for these companies and the important thing, he said, is to get over the hump of the deadline that is menacingly close.

John F. Sullivan, of the Seattle reinsurance firm of Frank Burns, Inc., led off by reciting what he had done to get Lloyds to offer the fullest explanation and make available all possible data bearing on the problem. As a result W. B. Mendes of Mendes & Mount, the U. S. attorneys for Lloyds, and Stanley Everitt, clerk to the committee of Lloyds in charge of the security requirements of Lloyds underwriters, appeared before Mr. Maloney and then furnished William Bruce, chief California examiner, all the data he wanted and upon which he framed a report that was presented at San Francisco. Both Mr. Mendes and Mr. Everitt were on hand as well.

The Bruce report concluded with a recommendation that full credit for deduction against liabilities in financial statements of ceding insurers be given for reinsurance with Lloyds, provided the chairman of Lloyds furnishes the

(CONTINUED ON PAGE 29)

Tornados—at least eight in number—roared through parts of Ohio and eastern and southern Michigan June 8, killing more than 140 persons and injuring hundreds more. This is the second time in less than three weeks Michigan has suffered severe tornado damage, not to mention the hailstorm at Detroit which was designated by the National Board as Catastrophe No. 40. A previous tornado (Catastrophe No. 39) struck Port Huron on May 21, and this city also received damage in the present storm.

According to preliminary estimates by Underwriters Adjusting and Western Adjustment, widespread property damage may reach \$4 or \$5 million.

Newspaper accounts place the property damage in the Flint area at \$20 million, and at Cleveland, \$10 million. Also hit were Tawas City, Monroe, Brown City and Pleasant Lake, Mich., and Ceylon, Elyria, Bowling Green and Findlay, O.

At Flint the tornado cut a swath ¼ mile wide and 5 miles long. An early report received at Western Adjustment indicates some 500 homes averaging about \$3,500 were reduced to kindling wood; household contents of the 500 averaged around \$2,000. Partial loss on about 750 homes and contents is estimated at \$150,000. At least 300 automobiles averaging about \$1,500 were demolished. Also, a school valued at \$60,000, a lumber yard at \$30,000 and a small mercantile establishment and contents at \$65,000.

In Ohio tornadoes did heavy damage at Cleveland and in numerous other locations, including Bowling Green, Defiance and Findlay. While no estimate is yet available on the smaller towns and cities, it appears that the dollar damage at Cleveland will run higher than that in Michigan. Damage was heaviest in that city's western section, including Greater Cleveland Airport.

Storm offices are being set up in Flint and Lakewood, O., by Western Adjustment, and to date Underwriters Adjusting is opening a storm office in Flint and is sending extra men into Cleveland.

For sheer numbers alone, this has been the biggest year tornado-wise in many years, if not the greatest. As to catastrophe numbers—though wind catastrophes come in all sizes—not counting the latest storms, National Board has already assigned 10 of these in 1953. There were 12 in 1950, 5 in 1951 and 9 in 1952.

E. V. Moscatier Joins A.I.U.

E. Vincent Moscatier has joined American International Underwriters as a casualty claims examiner, primarily interested in workmen's compensation cases. He was with Zurich 17½ years, most recently as assistant superintendent of compensation claims.

A tornado, said to have developed out of the same cold, warm front weather clash that started in Nebraska and resulted in tornadoes in Ohio and Michigan, produced a tornado that hit central Massachusetts savagely late June 9. The insurance loss may run heavier than that in any of the rash of storms that have occurred this year.

The storm struck the most heavily in and around the heavily industrialized area of Worcester. Martial law was declared and adjusters and other insurance men have been unable to survey the damage but say that on the basis of reports it will be very heavy. Much destruction was wrought in and around Holden, where there are a number of frame factories—shoes, canning, etc.

About 100 houses were leveled at Holden. Hit hard also was Shrewsbury where 100 or more houses were destroyed, including 50 homes in the Kenilworth section. Within Worcester city limits one housing development was said to have been leveled and other houses destroyed. The new Norton Co. \$5 million plant lost one of its units. A wing of Assumption College was virtually destroyed. There is lots of debris in the city, and winds carried debris as far away as Boston.

General Adjustment Bureau was standing by at midweek ready to move extra men into the area as soon as authorities would permit.

Many cars and trucks were smashed on the highways, and reinsurers of auto physical damage are expected to get hit. Some companies are likely to get into their catastrophe reinsurance covers, though after 1950 reinsurers increased the retentions of the primary insurer.

One question being asked is whether the Ohio-Michigan and the Massachusetts storms fall within the definition of one occurrence and a contiguous territory. Some believe they do and are setting up reserves on that basis. Another point that may be raised now by primary insurers, in view of the tremendous number of wind disturbances, is whether there shouldn't be a redefinition of a single occurrence in such covers.

The Michigan and Ohio storms have been given catastrophe No. 41 by National Board and Massachusetts No. 42.

New Directors of Excess

Ray S. Bass, treasurer of A. E. Staley Manufacturing Co. and long active in insurance buyers' affairs, has been elected to the board of Excess, along with Mark Kemper, treasurer of Lumbermen's Mutual Casualty, and Chase M. Smith, general counsel American Manufacturers Mutual, both of the Kemper group. Mr. Kemper was named treasurer and Eugene G. Diakoff assistant vice-president.

Knowlton to Become N. A. I. C. Executive Committee Head

Murphy To Be President and Butler Vice-president; Few Pressing Issues

By LEVERING CARTWRIGHT

SAN FRANCISCO—National Assn. of Insurance Commissioners is enjoying a Pacific Coast convention this week. There is an absence of pressing issues and time-consuming deliberations, leaving the conventioners plenty of latitude for fraternizing and trying out a variety of San Francisco's famed eating spots.

Donald Knowlton of New Hampshire is sure to be elected chairman of the executive committee and thus be placed in line for the presidency in 1955. D. D. Murphy of South Carolina will be the new president and George Butler of Texas the vice-president. Looking even further ahead, a movement was gotten under way here in behalf of the election of Lawrence Leggett of Missouri as the executive committee chairman next year. He has just been reappointed to office and his supporters say the middlewest is overdue.

The winter convention is to be at the Sans Souci at Miami Beach, commencing Nov. 30. The 1954 annual meeting will be at the Sheraton-Cadillac, Detroit, in June. Although some time ago an invitation of Las Vegas, Nev., for the 1954 winter meeting was accepted, it is doubtful if that plan will be carried through.

At an executive session of the executive committee Monday afternoon Longshore of Alabama proposed that N.A.I.C. hold but one convention a year. This was tabled. Pansing of Nebraska proposed that the conventions be restricted to commissioners and the camp followers be persona non grata. This failed to enlist support.

Two important states, it is said, have been giving their insurance departments a bad time on travel allowances.

At the first plenary session Tuesday morning Wade Martin of Louisiana, the president, introduced John R. Maloney the host commissioner, and he in turn presented Francis McCarthy, acting mayor of San Francisco. Murphy of South Carolina as vice-president gave the response.

Commissioners who had taken office since December were introduced, they being from nine states, Alaska, Hawaii and Puerto Rico. Bowles of Virginia as secretary called the roll. Every continental jurisdiction was represented except District of Columbia and Vermont. Commissioner Jordan of D. C. never appears at N.A.I.C. gatherings.

Roy Whitehead of Ontario was the only Canadian commissioner on hand.

Mr. Martin gave his presidential

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Can't Reduce Agent Commission Unless Handling Costs Cut

Maxwell Suggests Many Potential Savings to General Agents

The only way in which compensation to the agency forces of the country can be reduced is by adoption of forms, rules and rates which will reduce the expense of doing business, at agency, general agency and company levels, Robert Maxwell of Texarkana, member of the executive committee of National Assn. of Insurance Agents, told the convention of American Assn. of Managing General Agents at Genoa City, Wis.

Almost all new ideas advanced in recent years, instead of reducing the expense of handling business, actually have tended to increase it, he declared. He set forth a number of suggestions which might, if given real consideration, result in reduced handling costs at all levels.

In property insurance, many non-premium endorsements could be eliminated. Why is it necessary to endorse a household goods policy in mid-term as a result of change of address? Why not let it work like a personal property floater, covering anywhere during the policy period?

Why should it be necessary on large risks to issue multiple policies in different companies on the same risk? Why not use a system like London Lloyds—issue one policy for the entire risk and show percentages or dollars applicable to each company. With modern duplicating machines, copies of the daily report could be sent to the bureau in proper number for each company. This would save much time in policy preparation and would enable all participating companies to review their lines in comparison with other insurers. Policies could be supplied by the bureau.

Mr. Maxwell does not advocate use of renewal certificates unless universally adopted in all classes of business, but they would save time for everyone.

The Texas policy has definitions printed in it, and is as far ahead of the one write policy as that is ahead of the old standard form. There is also a substantial saving on loss forms. All classes should be eligible for the term, which reduces the need of writing contents policies every year.

If the installment and annual renewal plans are going to continue in force, there should be a new term rule, not for a lesser discount for five years, but for a greater one. The present discount is not factual. For example, the net cost on a policy written for three years, cash paid in advance, is less today than on a five-year installment policy. There is something wrong when that is allowed to continue. If insurance departments are willing to approve such plans, they should be will-

(CONTINUED ON PAGE 33)



Robert Maxwell

AUTO VIEW LESS GLOOMY Conn. Agents Favor Incentive Features in Rating System

By KENNETH O. FORCE

GROTON, CONN.—A slightly less gloomy view of the automobile competitive situation than has characterized recent agency meetings was expressed at the midyear meeting of Connecticut Assn. of Insurance Agents here. However, competition and other problems in the auto line continue to occupy much of the attention of the agents, individually and as an association.

The group adopted, with some opposition, a resolution suggesting that because present high auto liability rates are driving the best customers to direct writers, some incentive be made part of the rating system. It asked that specific credits be given for good accident records and certificates from driver education programs. Bureau companies should give greater sponsorship to safety programs.

By August National Bureau of Casualty Underwriters companies may have a modification of its auto liability rating plan to permit reduction in rates in the class 1 area, which accounts for 70 to 75% of the business, Lester F. Crossley, manager of Travelers Hartford branch, stated. He represented the company viewpoint on the auto panel. But G. B. Fisher of Hartford, the chairman, made it clear that each of those on the panel was speaking as an individual.

State legislation was reviewed by E. H. Clarke of Manchester, president. The state now has an excess lines brokerage law effective July 1, permitting agents to place insurance unavailable in licensed markets in non-admitted insurers. The license fee is \$250, bond \$5,000.

The bill has been signed that permits certain casualty lines to be written with fire. This will permit the writing of the homeowners and similar policies that contain third party liability covers, which were stymied by an opinion of the attorney general's office.

Also passed was the bill to require all finance companies to show in comprehensive, fire, theft and collision policies in large type the fact that they don't cover BI, PDL and medical payments.

Lost were bills authorizing supervisor of purchases to contract for state insurance, compulsory auto, dram shop act, unemployment compensation applicable to employers of one or more.

Attendance of 375 established a new midyear record. Charles W. Tye, tax counsel of Royal-Liverpool, discussed agency tax problems. He said that one of the more common mistakes in the corporate form of agency setup is to establish compensation of owners at a nominal sum.

When they want to increase the amount, tax authorities regard the increase as profits. The danger here can be avoided by not incorporating too early in the life of the agency.

William N. Woodland, editor of the *Standard*, gave a sparkling and witty talk on the significance of the insurance news.

Supreme Court Finds U. S. Not Liable in Texas City Case

In a 4 to 3 decision, the United States Supreme Court has declared the government is not liable to pay the \$200 million in damages claimed as a result of the 1947 Texas City ammonium nitrate explosion. More than 500 persons were killed and about 3,000 injured in the disaster when a French ship being loaded with fertilizer grade nitrate caught fire and blew up.

The decision was delivered by Justice Reed. Justice Jackson wrote a dissenting opinion joined by Black and Frankfurter. Justices Clark and Douglas took no part.

Approximately 300 suits were filed by about 8,500 claimants against the United States. It was claimed the government was negligent in the manufacture and distribution of the chemical and failed to issue proper warning of the dangers involved in handling it. The fertilizer was manufactured at surplus army munitions plants in Nebraska and Iowa and was being exported under foreign aid programs.

The claimants had originally won their cases in U. S. district court at Houston, but the government appealed and the U. S. circuit court at New Orleans overturned this decision. This was appealed to the U. S. Supreme Court, the case being in the name of Elizabeth H. Dalehite and Henry G. Dalehite, Jr., the widow and son of a business man who was killed in the explosion. Damages were sought under terms of the federal court claims act which makes the government liable for "negligent or wrongful act, or omission of any employee of the government" while on official duty.

The Dalehites were conducting a test case and had asked damages of \$75,000 under an arrangement that the result would be accepted by the other claimants. The insurance companies were following the case with great interest, since they had paid out millions of dollars in claims under property, casualty and life insurance coverages and on which they would have had a substantial recovery.

In its decision, the court said the legislative history of the federal tort claims act indicates that while Congress desired to waive the government's immunity from actions for injuries to person and property occasioned by the tortious conduct of its agents acting within the scope of their business, it was not contemplated that the government should be subject to liability arising from acts of a governmental nature or function. The Supreme Court in a detailed way held that the decision to manufacture the fertilizer, the methods of its manufacture, storage, shipping, etc., were all made on the planning level and that the charges of negligence at each or any of these stages could not be held against individual government employees. The findings of specific and general negligence do not support a judgment of government liability, the court said. As to the question that the fertilizer constituted a nuisance, the court held that the tort claims act does not extend to such situations. It is to be invoked only on a "negligent or wrongful act or omission" of an employee.

The theory of absolute liability with-

(CONTINUED ON PAGE 25)

Casualty Premiums Pass \$7 Billion, Argus Chart Shows

Gain Is 14% Over 1951, Improvement Is Seen in the Loss Ratio

Net premiums written in 1952 on all classes of casualty business by 950 companies reported on in the 1953 edition of the Argus Casualty Chart, just received from the National Underwriter presses, has reached a total of \$7,130,019,989. This is 14.9% above the total of \$6,207,782,184 for 1951. These same companies report premiums earned of \$6,855,044,369 as compared with \$6,021,138,285 in 1951. The Argus Chart also includes reports on the casualty business of 90 predominately fire companies whose business swells the total of premiums earned to \$7,224,792,213 by 1,040 companies of all classes whose figures are included.

Stock companies, including A. & H. departments of stock and mutual legal reserve life companies produced A. & H. premiums earned of \$1,630,837,984 of which \$970,798,452 was group business. The total is up 17.6% from \$1,387,029,231 in 1951. Automobile earned premiums increased 19.2% to \$1,786,928,074. This large increase can be

A graphic breakdown of totals is shown on page 28.

accounted for by rate increases and the many new financial responsibility laws that have been put into effect by a number of states. Workmen's compensation earned premiums increased to \$559,081,523 from \$488,350,689 in 1951 and general liability lines increased from \$219,268,812 to \$254,003,767 in 1952. Other classes of business also show comparable increases.

Total premiums earned by 231 mutual companies reached \$1,396,773,304, which is 17.4% higher than in 1951. Gains in the various classifications followed the same general pattern as shown in the stock company results.

The loss record is much improved over that reported a year ago, producing a very gratifying improvement in the gain from underwriting. This latter item has changed from a loss for most companies in 1951 to a gain in 1952. This has been brought about by some rate increases in automobile rates and also by a definite decrease in the loss ratios on group A. & H. At the end of 1951, the group accident and health loss ratio for stock companies was 84.8%, while this year it dropped to 83.5%. On almost \$1 billion in premiums this amounts to more than \$12.5 million. The automobile loss ratio dropped from 67.7% at the end of 1951 to 65.9% at the end of 1952. The overall loss ratio on all classes of casualty business for 578 stock companies is 64.8% as compared with 67.0% for 1951.

The Argus Chart summaries and totals reproduced elsewhere in this edition give many more figures based on the financial and operating figures, and the net results of all classes of companies along with the classification of premiums earned and losses and loss expenses incurred and loss ratios according to the various casualty lines

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National Product Injuries

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National Council Produces New W. C. Injury Table

SAN FRANCISCO—National Council on Compensation Insurance has completed a study of accident statistics based upon recent compensation cases, and proposes to use it in lieu of the American Accident Table in estimating the effect of changes in the benefit provisions of a workmen's compensation act.

H. F. Richardson, general manager of the council, reported to the W.C. committee of N.A.I.C. here, that the new accident table, to be known as the "workmen's compensation injury table," is based upon data reported by insurers, and reflects a new distribution of fatal cases according to dependency, a new distribution of permanent disability cases according to nature and location of injury, and a new distribution of temporary total cases according to distribution of duration of disability.

Calculations based upon the new W.C. injury table compared with calculations that employed the American Accident Table show very minor differences. For example, the new table uses a calculation of 1.584 for a fatal benefit, the old table used 1.582; the new table and the old table use 1.297 for permanent total; the new table uses 1.354 and the old table 1.368 for permanent partial—major; 1.338 and 1.297 for permanent partial—minor, and 1.326 and 1.342 for temporary total. Medical calculations for the two tables, new and old, are 1.158 and 1.070, and the average over-all is 1.281 and 1.242, new and old.

When the council decided to undertake a review of the accident table, the commissioners appointed a subcommittee of departmental technicians to study the valuation of law amendments separately and in conjunction with the council staff. Several meetings of this subcommittee were held with committees of the council to go over information obtained by the council through calls to insurers.

Before the study was completed somewhat more than 100,000 cases were reviewed, 24,000 death, 2,900 permanent total, 11,000 major permanent partial, 24,000 minor permanent partial and 40,000 temporary total.

At the suggestion of the subcommittee of technicians, the council prepared and made a part of its report here an example showing how evaluations of law amendments are calculated. The example selected assumes the same law benefit changes as were selected for the 1944 example which appeared in the proceedings of N.A.I.C. for the 75th session so that those who may wish to do so can compare the two sets of calculations, and thus obtain some idea of the effect of the new table.

With the exception of the evaluation of medical costs, which were not a specific part of the American Accident Table study, the variation in result is very small.

Mr. Richardson pointed out that the accident or injury table is not the only important factor in connection with valuation of law amendments. In recent years the great bulk of law amendments has dealt with changes in the maximum weekly limits of compensation, increases in medical and hospital benefits and in extending the acts with

respect to occupational diseases. In none of these types of amendments is the accident table of value and is not used for that purpose.

In the 1951 legislative year, some 28 states enacted legislation affecting benefits. The accident table was referred to in only 15 of these cases in valuing the law amendments, and in these instances it was used only to determine the dependency distribution in fatal cases, without reference to distribution of permanent totals, permanent partial disabilities, or temporary totals.

Of equal or greater importance in

evaluating the effect of law amendments is wage distribution. The council is undertaking a study to determine the accuracy of its present wage distribution tables under current wage and economic conditions.

Vernon General Agents Have School at Minn. Lake

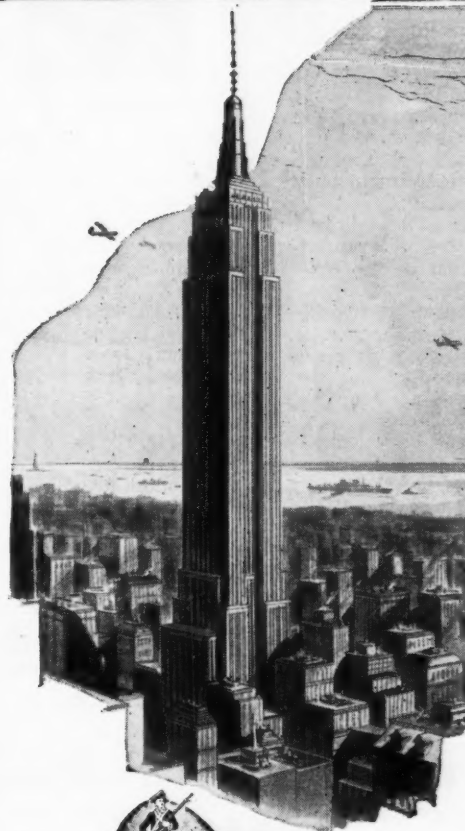
Vernon General of Indianapolis will inaugurate an agency school this summer at "Rockenpine", vacation lodge on Ely Island in Lake Vermillion, near Tower, Minn. The school will be in

charge of Paul E. Jack, vice-president and general manager, who owns the lodge, and the faculty will include Prof. J. Edward Hedges, head of the insurance department of Indiana University.

There will be two one week periods, starting Aug. 9 and Aug. 16. Agents will be invited at the recommendation of branch managers. Enrollment will be limited to 25 for each session. The school will combine serious insurance discussions with many opportunities for fishing and the other Minnesota lake diversions.

This America Fore advertisement is appearing
currently in the following national magazines:

★ THE SATURDAY EVENING POST ★ LIFE ★ TIME ★
★ NATIONAL GEOGRAPHIC ★ NEWSWEEK ★ FORTUNE ★



The Protection that
Began in 1853 . . .

has **GROWN** to fit
the needs of today!

Living was less strenuous in 1853—the year two America Fore companies were founded—no automobiles, airplanes, electric lights—no telephone, radio or TV.

Over the century a host of luxuries were developed which grew to become necessities as tireless industry brought them within reach of all.

During these past 100 years of amazing progress, America Fore companies have helped eliminate the threat of crippling financial loss and have provided protection that transformed risk into security and peace of mind.



100 YEARS

This year America Fore is observing 100 years of proven insurance protection by two of its companies, The Continental Insurance Company and the Fidelity-Phenix Fire Insurance Company.

When you insure through America Fore you enjoy freedom from worry built upon experience, character and strength.

For the name of a nearby America Fore Insurance Man, call Western Union by number, ask for Operator 25.



★ The Continental Insurance Company ★ Fidelity-Phenix Fire Insurance Company ★ Niagara Fire Insurance Company
★ American Eagle Fire Insurance Company ★ The Fidelity and Casualty Company of New York

Adoption of New Marine Definition Appears to Be Near

SAN FRANCISCO—National Assn. of Insurance Commissioners at its meeting here appeared close to the point of adopting a new definition and interpretation of marine writing powers. The first session on this was Monday afternoon by the committee headed by Leslie of Pennsylvania. At that time there was presented the proposed new definition and preamble that was agreed to after considerable blood-letting at a meeting at Chicago in March.

In the discussion L. J. Haffner of Fireman's Fund suggested that attention be given to the problem of finding a positive classification for lines of insurance that are found to be wanting for identification as marine. J. G. Bill, executive secretary of the joint committee on interpretation and complaint, said that deserves consideration. Such a procedure would lead into the matter of setting up a plan for classifying all types of cover. This has been broached and has been under study for the past three years. Enough states so far have not subscribed to the classification plan to enable it to be feasible.

W. H. Rodda of Transportation Rating Bureau mentioned some points of detail that seemed to offer no insoluble problem.

Bradford Smith of North America asked if in the interpretation the laws of the states would govern and Mr. Bill said yes.

In providing for a new committee of 15 on the industry side to recommend interpretations of the amended nationwide definitions it is specified that this shall include senior officers of insurers, or of insurers organizations or of managerial insurance agencies.

C. F. J. Harrington of National Assn. of Casualty & Surety Agents asked why the qualifying word "managerial" was inserted. This, he said, would rule out just plain agents who could offer a lot of help on this committee. Mr. Bill said the phrase was used to take care of such managerial firms as Appleton & Cox that constitute the marine departments of companies. Mr.

Bill said this matter of classifying risks is solely of interest to the underwriters. Mr. Harrington said he wasn't convinced; he thought his boys ought to be let in.

J. Victor Herd, America Fore, said the committee on classification of risks ought to be retained on a standby basis. Mr. Haffner, he said, had put his finger on a defect. The classification committee was set up prematurely. However, he said he has not abandoned hope the committee will serve a real purpose in due course.

Pa. Assessment Order Is Drastic

Considerable interest has been taken in the unusual order of the common pleas court of Dauphin county at Harrisburg, Pa., for an assessment on policyholders of the defunct Seaboard Mutual Casualty. It was seemingly intended to accomplish as perfect justice as possible but it will make the accounting procedure extremely difficult and will weigh heavily on those policyholders that are solvent and can be reached.

The assessment affects those that were policyholders as far back as 1938. That is because the oldest unpaid claim is found in 1938. It provides that those who were policyholders in any month since 1938 during which there was claim that was unpaid as of the date of the receivership must pay an assessment equal to their pro rata earned premium for that month, plus 3% to take care of expenses, to make good the deficit due to other policyholders escaping their dues, etc. Of course the heaviest concentration of unpaid losses is in the year or so prior to receivership, but there are quite a few old ones. The court apparently concluded there is nothing in the Pennsylvania law to prevent an assessment being levied on a person who had a policy in a defunct company as long ago as 15 years.

N.A.U.A. and N.B.C.U. at Odds on Station Wagons

Now that National Bureau of Casualty Underwriters has ruled that all station wagons regardless of use shall be rated as private passenger cars,

agents are having trouble on five-point combination auto policies because N.A.U.A. hasn't changed its rule requiring station wagons used for delivery and commercial purposes are to be rated as commercial vehicles and used for fun as private passenger cars. This creates a problem in the inter-ratary in connection with the five-point policies.

Mutual Benefit Raises Four at Home Office

H. C. Carden and Frank Walton have been elected vice-presidents of Mutual Benefit H.A. Mr. Carden will be in charge of advertising and Mr. Walton in charge of sales.

In addition, James Farlee has been named assistant vice-president in



H. C. Carden



Frank Walton

charge of sales promotion, and Durwood Ulfers, assistant vice-president and chief underwriter.

Mr. Carden joined Mutual Benefit in 1930. He has been superintendent of agencies, assistant treasurer and national advertising director.

Mr. Walton started with the company's Brink agency in Michigan in 1936. He went to Waterloo as general manager in 1942 and for the past three years has served as special assistant to President V. J. Skutt. He has directed the company's sales training program.

Mr. Farlee went with the company in 1946 and has served as sales promotion director and editor of publications. Joining the company in 1929, Mr. Ulfers served in various capacities until becoming chief underwriter after army service in the last war.

Ned C. Russo of Morgan City, La., has moved his insurance agency to 602 Brashear avenue.

N.A.I.C. Urged To Require Minimum Blue Cross Reserves

Recommendations for realistic reserving of liabilities of Blue Cross-Blue Shield plans were made in a report at the N.A.I.C. gathering that was presented by Charles C. Dubuar, New York department actuary, to a sub-committee headed by Leslie of Pennsylvania Monday morning at San Francisco.

The report urged that there be required annual accumulation of a contingency reserve by these plans of at least 2 or 3% of earned premiums until a certain maximum is reached and this reserve not to be dipped into for expenses or claims except with specific approval of the state. Also it recommended that a reserve for deferred maternity benefits be set aside as a liability. Twelve states already require this. If legislation is inadequate in any state, that should be remedied. The annual statement blank for these plans should be completed in its entirety with special reference to the exhibit of underwriting gains and losses by lines of business.

The Dubuar group found that average surplus ratio for Blue Cross plans in 1952 was 28.3% or 3.4 months incurred claims and for Blue Shield the comparable figures were 39.1 and 4.77. However, many of the plans were far below the average. Blue Shield showed up better, probably due to benefits being on an indemnity rather than a service basis and hence not so subject to the impact of inflation.

If a surplus ratio of four months incurred claims is considered as acceptable, then only 20 of 65 Blue Cross plans would have qualified and 21 of the 45 Blue Shield.

Mr. Dubuar said the committee rejects the argument that an adequate surplus ratio is unnecessary on account of agreements with hospitals for prorating when the plans gets into trouble. At best the hospitals can afford only a minimum prorating for a short period only.

On the score of maternity reserve (CONTINUED ON PAGE 32)

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1953

Mighty Contest Shapes Up Among Three Colossi

State Farm, Farm Bureau Of Ohio, Farmers of L. A. on Move

The big three in the auto insurance field that have developed along concentric lines, with farm beginnings, are now moving into full national competition, they being State Farm Mutual of Bloomington, Ill., Farm Bureau Mutual of Columbus, O., and Farmers of Los Angeles. Each is now equipped with a life company. State Farm has been the most nearly national in its operations and completed its move in that direction just recently, crossing the precincts of Ohio that previously had been thought of as being sacred to Farm Bureau of Columbus.

Farm Bureau of Columbus is now preparing to assault the west through the instrumentality of National Casualty which it owns. National is being converted to the Farm Bureau pattern. Farmers of Los Angeles is moving steadily eastward and, it is rumored, may put up a big middle west headquarters at Aurora, Ill., and it is now in the life insurance field with its 7,000 or so agents through ownership of New World Life.

These companies are going after city as well as country business and a mighty contest is shaping up.

Plan Assessment on Texas Mutual Policies

Will G. Knox, the receiver for Texas Mutual of Ennis, which blew up about a month ago, has sent out a letter to policyholders concerning a pending assessment.

He notes that he has filed application with the receivership court which asserts that Texas Mutual did not possess the surplus required by law to issue a non-assessable policy dating back to about February, 1952, and he recommends that the court direct the receiver to levy and collect a contingent premium in an amount at least equal to the premium or premium deposit of the policyholders of the company whose policies were in force from February 13, 1952, to February 13, 1953. There will be a public hearing on this application on July 13 at Austin.

Mr. Knox is counsel for the Texas board of commissioners. He may have in mind that Texas Assn. of Mutual Insurance last year went on record as opposing the assessing of policyholders who have bought policies from mutual companies when the policies were designated as nonassessable. It was indicated that the association would go into court to question the right of assessment. The court hearing in July will show how far the companies will go.

H. C. Hines Retires; Bundy to U.S.F.&G. Home Office

Henry C. Hines, fidelity and surety claims superintendent of U.S.F. & G., is retiring July 1 under the company's retirement pension plan. He will be succeeded by Charles P. Bundy, who has been general superintendent of claims at Chicago.

A testimonial luncheon was given to

Mr. Hines at Baltimore by the officers of U.S.F. & G. He was presented a resolution of the directors and some silver. He started with the U.S.F. & G. in 1915 as a surety claim adjuster and has headed his division since 1924.

Before coming to Chicago early last year, Mr. Bundy was assistant superintendent at Atlanta.

Hartford Fire and Hartford Accident have moved their Sacramento office from the Forum building to the J building, formerly the California-Western States Life building.

Dr. S. S. Huebner to Leave Teaching at End of Month

Dr. Solomon S. Huebner, who has taught 80,000 students the insurance business at University of Pennsylvania, is retiring from active teaching June 30 after 49 years.

Dr. Huebner, professor of insurance and commerce in the University's Wharton School of Finance & Commerce, is Pennsylvania's senior faculty

member. Teacher of the first collegiate insurance course in 1904 and motivator of American College and American Institute for Property & Liability Underwriters, Dr. Huebner, 71, reached the university's retirement age last year.

He earned bachelor's and master's degrees at University of Wisconsin and went to University of Pennsylvania in 1903 to earn his Ph.D. He is author of nearly 20 books, chiefly about insurance; president emeritus of American College, board chairman of A.I.P.L.U. and honorary board chairman of the S. S. Huebner Foundation.

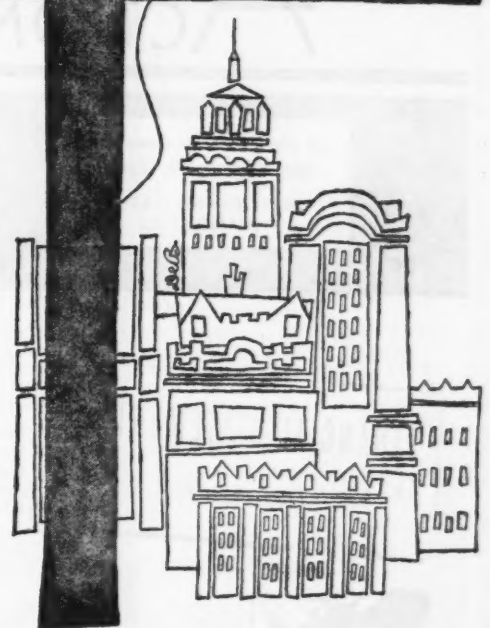
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- EXCESS OF LOSS LINES
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Public Liability, Property Damage
- EXECUTIVE OR KEY PERSONNEL
Travel Accident—Including War Risk

ALL UNUSUAL RISKS

Minor Changes in PAF Jibe It with Floaters

Inland Marine Insurance Bureau has filed a number of minor changes in its personal articles floater which jibe the detail of cover with the insurance and rules of the individual floaters. These changes are minor.

In addition to the changes the bureau has notified insurance departments that outstanding specific policies on jewelry, furs, cameras, musical instruments, golfers' equipment, silverware and stamp and coin collections will be construed as covering subject to the broader insuring conditions of the new forms, except as to the new acquisition clause for which a provision is being made.

In the camera floater, musical instrument floater, silverware floater, jewelry-fur floater, personal fur floater and personal property floater there are changes regarding additionally acquired property. In some of the floaters the limitation of coverage to continental U. S. and Canada is eliminated so that the coverage would accord with the separate cover and apply worldwide.

The professional clause in the musical instruments floater section of the personal articles floater is amended for the broad form. This is regarded as an improvement.

Indict Agents on Mail Fraud in Liability Policy Sales

CAMDEN, N.J.—Indictments charging fraudulent sale of liability policies through the mails were returned by a federal grand jury here against George E. Bayer, Philadelphia, and John Marple, Palmyra, N. J., operators of the Marple & Bayer agency, Riverside, N. J.

The bulk of the insurance business written by the two, the federal prosecutor said, was automobile liability and they collected \$750,000 in premiums over an eight-month period. In 1951 the two were convicted of selling insurance without a license.

The prosecutor said Marple and Bayer started their agency in 1950, after purchasing the charters of two small Missouri mutual companies for \$375 each. The two companies were authorized by Missouri to sell only fire and lightning insurance. They also established themselves as agents for a third Missouri company which had been ordered to suspend business because of insolvency, he said.

Their clients are said to have been for the most part residents of Harlem in New York, many of whom were not acceptable to the majority of liability insurers.

Tri-State Education Dates

Tri-State Mutual Agents Assn. and the Sparks Club, organization of mutual field men in the Maryland, Pennsylvania and Delaware sector, have arranged for a series of educational meetings for agents this fall. They will be held at Cambridge Springs Sept. 28, Altoona Sept. 30 and Hershey Oct. 1, all in Pennsylvania and Oct. 2 in Baltimore.

Loyalty Group Ariz. Shifts

The Loyalty group has transferred Ed Toenniskoetter from Portland, Ore. to Phoenix, Ariz., as superintendent of claims. He has been with the group for seven years.

Richard T. Johnson has been appointed special agent, after 2½ years with the group, and will travel the entire state of Arizona.

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A Progressive Company
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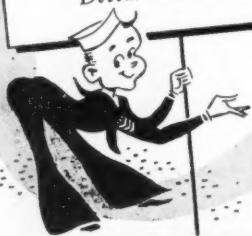
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ALLIED LINES

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WITH
The
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CASUALTY COMPANY
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Automobile and
Casualty Lines

Selling Tools for Any
Selling Task
With sound Protection
at a
Savings to Policyholders

FINANCIAL STATEMENT

as of
December 31, 1952



MULTIPLE LINE FACILITIES

Fire • Fidelity & Surety
Burglary • Plate Glass
Workmen's Compensation
Automobile • Misc. General Liability
Allied Lines

ASSETS

Bonds.....	\$ 7,730,116.24
Stocks.....	1,677,052.33
Cash in Banks and Offices.....	1,136,846.22
Agents' Balances (Not over 90 days).....	1,155,370.52
F.H.A. Mortgages.....	41,598.64
Home Office.....	99,828.75
Accrued Interest and Misc. Funds.....	164,815.31
Total Admitted Assets.....	\$12,005,628.01

RESERVES AND SURPLUS

Claims Reserve.....	\$ 4,935,702.74
Unearned Premiums.....	3,942,440.76
Commissions.....	17,478.47
Tax Reserves.....	239,575.88
Miscellaneous Reserves.....	213,965.82
Voluntary Reserve.....	\$ 406,464.34
Capital.....	1,000,000.00
Surplus.....	1,250,000.00
Surplus to Policyholders.....	2,656,464.34
Total Liabilities.....	\$12,005,628.01

ANCHOR CASUALTY COMPANY • SAINT PAUL • MINNESOTA



Mutual Hudd Prob

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Mutual Claim Men Huddle Over Auto Problems at Chicago

As has become the custom, a good sized crowd turned out for the claim conference of Conference of Mutual Casualty Companies at Chicago last week. The group had a two-day program, which was devoted almost entirely to automobile. Carl W. Johnson, Mutual Service Casualty, claim conference chairman, presided at the sessions, and Carl M. Russell, Meridian Mutual of Indianapolis, vice-president of the parent company group, opened the meeting.

Leading off with a talk on "Underwriting Principles and the Assistance of the Adjuster," Tom G. Smith, Auto-Owners of Lansing, said it is the policy of his company to have the fullest co-operation between the underwriting and claim departments, and information that is missed when the policy is underwritten often is relayed along later by the adjusters. The claim department can request a cancellation of a risk, and when this is done, it is followed promptly by the underwriter. A copy of each claim report and claim draft is made a part of the underwriting policy file, and these are reviewed periodically. The claim department acts as a sort of set of eyes and ears for the underwriter, since adjusters often pick up information about other businesses in their territory through contacts or in settling claims. Often the adjuster is asked his opinion of a certain risk when it is submitted as new business.

A report by the committee in charge of the conference claim arbitration agreement was given by Carl F. Browne, Beacon Mutual Indemnity, who was in charge in the absence of Alex H. Opgenorth, Farmers Mutual Auto. The arbitration group has now completed three years of operation. Last year 80 cases were submitted of which 67 were decided. Eight cases were settled before going to the committee for decision, and five cases were left open. The total amount involved last year was \$30,000, the committee handling only cases of up to \$1,000.

Since its inception, this group has handled 176 cases with all but five of them having been taken care of. There are 31 company members.

The new chairman of the arbitration committee is Howard Lang of M.F.A. Mutual. Vice-chairman is Mr. Johnson, and the other committee members are A. H. Adams, Western Mutual of Des Moines; R. W. Taylor, Michigan Mutual Auto, and C. H. Halsey, American Farmers of Decatur.

Irvin W. Roemer of the Chicago law firm of Gardner, Carton, Douglas, Roemer & Chilgren, gave a talk on how the companies and their defense attorneys can meet the "NACCA trust." He suggested that defense attorneys attend as many NACCA affairs as possible and follow the new pattern by setting up seminars such as NACCA holds.

Defense attorneys and home office personnel should keep abreast of developments in the negligence field, he said, and demonstrative evidence should and could be used as effectively on the defense as by the plaintiffs. He gave as an example of this the use of movies of "injured" plaintiffs.

Mr. Roemer stressed the importance of insurance companies and law firms attracting new and young men to the defense side. The NACCA people have

emphasized the difference in earnings between the defense and plaintiff counsel, and Mr. Roemer indicated that the pay scale may have to be changed to attract the younger men.

The companies need to have confidence in their defense attorneys, and if they do not, the counsel should be discharged, he said. One way of avoiding tangling with NACCA is to effect prompt settlement of cases. The emphasis should be on making a settlement on the first call the adjuster has with the assured, even if it seems at the time that a little more is being

paid than necessary. The strategy should be to meet the NACCA trust instead of damning it, Mr. Roemer declared.

To open the second day's session, the group saw the premier showing of the Motors Ins. Corp. film, "Sheet Metal Correction."

Clark MacGregor of the Warren B. King law firm of Minneapolis, gave a talk on "Rescission of Coverage Obtained for Undesirable Risks Procured by Fraud or Misrepresentation" that is reported elsewhere.

Meredith Nelson, State Farm, was to

have given a report on his survey of uniform depreciation, but he said he had run into some snags and discrepancies, so this project has been put off for a year while another survey is taken.

Professor S. Baker of Northwestern University gave the group an illustrated talk on reconstruction of traffic accidents, and the meeting was closed with a panel discussion on the extent of agent participation in claims. William E. Haydon, Standard Reliance of Lincoln, commented that the reliance

(CONTINUED ON PAGE 34)



Before *your policyholders* go on vacation, why not play the Good Samaritan and pass along to them these hints to ensure a carefree vacation:

- (1) Stop delivery of milk and newspapers.
- (2) Make sure all pilot lights are out and gas is off.
- (3) Shut off water and electricity.
- (4) Lock all windows and doors, including garage.
- (5) Leave house looking normal so as not to advertise it is unoccupied.
- (6) Most important . . . have Fire and other insurance checked to be sure there's adequate protection against all losses.

Use our advertising filler No. 229, "Before You Go On Vacation," to remind them of today's high prices, increased values, and the continuing need for insurance-to-value.

To back up that sales argument, our Advertising Department will provide you with a wealth of "Increased Values" advertising literature for enclosure with letters, policies, bills, invoices and all outgoing mail. Write our Advertising Department, or ask your Fieldman.

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Firecracker Plant Explosion Causes \$1½ Million Loss

The explosion last week of the Alco Fireworks & Specialty Co. office-warehouse at Houston will produce estimated total property loss of \$1½ million and insurance loss of about \$1 million. The principal property loss covers a 12-square block area.

Four persons, none of them in the warehouse, were killed by the blast. The explosion was touched off when the plant general manager nailed some fireworks to an elaborate Fourth of July display.

Alco, it is understood, carried \$39,500 fire insurance on building and contents, and \$100,000 property damage liability.

Wash. Labor Federation in Wholesale Cover Try

SEATTLE—An attempt is being made by Washington State Federation of Labor to enable affiliated unions to buy health and welfare insurance on a

group basis and at wholesale rates, without the services of agents or brokers. Ed Weston, president of the federation, in a recent address before the carpenters union and the plumbers and steamfitters union, announced that the federation has set up an insurance advisory service to provide AFL unions with "reliable" information without cost to themselves. He asserted that this plan will make it unnecessary to pay big commissions to, and have to depend upon, insurance agents and brokers, some of whom are "getting rich" off the unions.

Weston said that several good insurance companies have given the federation letters to the effect that they will refuse to pay commissions on union welfare plans and give the union membership the benefit of these commissions. He declared that, if necessary, pressure will be put on the next legislature to bring the remaining insurers in line. It will no longer be necessary, with the new federation advisory service in operation, to rely on banks for their administrative work. Weston asserted that his office will handle administration of plans for 5% of premiums paid, instead of 7% to 10% now being paid to non-union administrators. (Competent group underwriters estimate existing plans are running around 3% for collection and claims administration).

Johnson Back from Service

After two years of active duty with the air force, Warren L. Johnson will return June 15 to the Indianapolis branch of Appleton & Cox as state agent for Indiana and Kentucky. During his absence, the branch was under the supervision of Robert M. Price, special agent.

Milwaukee Board Ends Coextensive Agreement Aug. 31

MILWAUKEE—Milwaukee Board of Underwriters has notified Wisconsin Assn. of Insurance Agents that by a majority vote of the directors the coextensive agreement with the state association, effective since 1949, has been terminated as of Aug. 31, the end of the state group's fiscal year. After that date, the membership in the state association, as well as N.A.I.A. under the coextensive arrangement, will be on a voluntary basis for all classes of members of the Milwaukee Board.

Effective June 1, the start of the Milwaukee Board's fiscal year and dues paying period, the dues schedule has been revised downward, with the previous minimum of \$25 reduced to \$15 a year and the maximum from \$500 to \$400. Refund checks will be sent to members who have already paid their current dues.

Of the Wisconsin association's approximately 1,400 members, the Milwaukee Board has some 760 members under the coextensive agreement. No estimate was available as to how many of the board solicitors and primary members might act individually to continue their state and national affiliations on a voluntary basis with the new fiscal year Sept. 1.

While no officials would comment on the situation, it is known that some members of the board have felt that some problems of a large metropolitan local board were different than those of smaller boards and that to avoid conflict of interests between Milwaukee and other Wisconsin cities it would be more satisfactory to let the Milwaukee agents decide voluntarily whether or not to continue their state association memberships. It is known that there has been a difference of opinion in regard to some legislative matters sponsored or favored by the state association in the present session, such as the anti-coercion bill and another affecting reciprocal rights.

Auto Rating N. J. CPCU Topic

The New Jersey C.P.C.U. chapter at its monthly meeting in Newark discussed the automobile rating problem. Fred S. Applegate, chapter vice-president, reviewed the theory of automobile rating, and Eugene Wilson, district manager for the Farm Bureau Mutuals, spoke on "Why Automobile Insurance Rates are so High."

The chapter is well along in its plans for New Jersey Insurance Day Oct. 15 at Newark. An all-day sales clinic on inland marine coverages is being prepared. Sydney A. DeRoner, of Newark is general chairman.

Garret W. Roerink, 1952 chapter president, was presented a testimonial certificate from the chapter by President Ira F. Weisbart of Jersey City, in recognition of his work as president.

Cooley and Labor Named

Central Surety has named Larry E. Cooley assistant manager home office bond department. He formerly was bond department manager for Fidelity & Casualty at Kansas City. The company also has appointed W. M. Lalor fidelity and surety manager for its eastern department at New York City.

Detroit Buyers Hosts to Agents

Insurance Buyers Assn. of Detroit was host to 25 agents and brokers at a recent meeting at which Commissioner Navarre of Michigan was the moderator. The group saw a movie depicting the formulation and activities of junior achievements. The agents

and brokers were asked to investigate the possibility of higher coverage for workmen's compensation and fidelity bonds for minors engaged in the junior achievement program.

Albiez Heads New Garden State Blue Goose Pond

Garden State pond of Blue Goose officially got under way this week at



George P. Albiez

Newark. George P. Albiez of Pearl was named M. L. G., Robert F. Stumpf of General Adjustment Bureau at Paterson, supervisor; Walter D. Sheldon of Niagara, custodian; Fred L. Bross of Halifax, guardian; Calvin Baille of London & Lancashire, keeper, and

Edward J. Peiffer of Dubuque, welder. Richard A. Kenzel, Northern Assurance, past grand welder, acted as temporary chairman, and Robert Wiseman of Washington, D. C., grand guardian, installed the officers.

There were 130 signers of the petition for the new pond, who thus become charter members, and the charter remains open to July 31 for others who want to start with the pond as charter members. Mr. Albiez is deputy M. L. G. for New York, New Jersey and New England. The pond initiated 42 members at the organization meeting.

Ladd to Hartford Accident

Hartford Accident has appointed Donald M. Ladd associate superintendent of the fidelity and surety department in the Pacific department office at San Francisco.

He has been manager of the fidelity and surety department of Continental Casualty on the Pacific Coast and has served as president of Surety Underwriters Assn. of Southern California.

Kan. Claim Assn. All Set

Kansas Claim Assn., organized in April, completed permanent organization June 3 at Wichita. Temporary officers were all made permanent, including H. L. Eddy, Hussey & Hussey, Topeka, president; Hilding A. Anderson, Farm Bureau Mutual, Manhattan, vice-president casualty; George F. Clark, Jr., United Adjustment, Wichita, vice-president fire; Ellen H. Laidlaw, Universal Adjustment, Kansas City, Kan., secretary; C. M. McCrann, Farm Bureau Mutual, treasurer.

George B. Powers, Wichita insurance attorney, spoke on "Statement of Principles Between the Adjusting Facilities and the Practice of Law." Leo H. Whinery, director law research and extension center of the University of Kansas City school of law, spoke at the banquet, outlining its casualty claims program at a three-day institute Sept. 17-19, and its correspondence course on investigation and settlement of casualty claims. Nearly 100 were in attendance.

Woman President at Lansing

Lansing (Mich.) Assn. of Insurance Agents for the first time has a woman agent as president. Mrs. Christine Stratton succeeds C. Bart Tenny in that post. She is the only woman heading a local board in Michigan. She was also named as a delegate to the National association convention at Washington in September.

Other new officers are: Vice-president, Richard P. Lyman, Smith, McKnight & Lyman; secretary, James J. Simons.



This unusual shape is a rather unusual ladies' hat in silhouette!

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Rennels Goes Independent

Lamont N. Rennels has opened his own law practice at Dayton, specializing in insurance defense cases, investigations and subrogations. He has had 20 years' experience with another law firm and is a member of International Assn. of Insurance Counsel and the insurance section of American Bar Assn.

Sullivan Goes on His Own

F. J. Sullivan has opened his own adjusting and appraisal business at Boston. He has been with General Exchange for 16 years.

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N. H. PLAN TURNED DOWN

Classifying Drivers Instead of Cars for B.I. Cover Rejected

SAN FRANCISCO—The joint industry committee threw a sopping wet blanket on the idea of a proposed plan to afford auto B.I. insurance on the basis of classification for operators in lieu of the existing classification for autos. This was in the form of a report read to the N.A.I.C. committee on the subject headed by Mahoney of Maine here Monday morning. W. H. Brewster of National Bureau is chairman of the joint committee but the statement was read by J. M. Muir of the Mutual Bureau.

All this goes back to an elaborate proposal that was advanced by Syme Sheldon, deputy commissioner of New Hampshire, and that was presented as a possibility in a formal paper by commissioner Knowlton of that state. There was an extensive hearing at Boston. The joint committee made comprehensive criticism of the idea and covered it historically so that the statement should prove valuable in the future whenever the idea is advanced, as it is sure to be from time to time.

The existing basis of affording standard automobile liability insurance with its broad grant of coverage as respects the described automobile and the use of other automobiles by the named insured and spouse, not only meets the needs of the insuring public but also serves most adequately the requirements of financial responsibility laws and other applicable statutes in all states, the committee said. The present coverage is the result of the evolution of a form in the light of practical considerations, which thus far have clearly demonstrated that the best way of affording cover for the owner of an automobile is to cover the complete liability of the owner under all circumstances and, in addition, the liability of anyone using the automobile with the owner's permission.

The disadvantages far outweigh any advantages which might accrue if the proposed plan were adopted. Aside from the coverage and rate problems, the legislative problem alone poses a hurdle which would be most difficult to surmount.

Measure Philadelphia Against Other Cities

PHILADELPHIA—Fire insurance rates here are under those of four other major cities, according to a study by Greater Philadelphia Movement of recent charges by Managing Director Robert K. Sawyer that this city's fire insurance rates have not kept pace with improvements in its fire department. Sawyer had said that Philadelphia is rated as a Class 4 city although the fire department has been improved.

F. Carter Schaub, co-chairman of the movement, said that Philadelphia rates are lower than those of New York, Baltimore, Boston and Chicago. He contrasted this city's rate of 8 cents per \$100 of fire insurance for a brick dwelling with the following: New York, 11 cents; Baltimore, 12 cents; Boston, 14 cents and Chicago, 10 cents.

A.I.U. Appoints Hughes

John T. Hughes has joined American International Underwriters as senior casualty department underwriter. Mr.

Hughes has been agency supervisor with Lumber Mutual Casualty of N.Y. He joined Fidelity & Casualty in 1937, and in 1946 he went with Employers Mutual as Albany office manager and branch underwriter. He was with Continental Casualty as special agent from 1948 to 1951, when he joined Lumber Mutual. Mr. Hughes is a veteran.

Minn. Revokes Order on Fire Statistical Reporting

Commissioner Sheehan of Minnesota has rescinded a ruling of his predecessor calling on the fire companies to report experience on an eccentric basis, departing from the National Board 26 classification plan. Insurance Director Barrett of Illinois previously had revoked a similar order of his predecessor. Efforts are being made to induce Commissioner Navarre of Michigan to do likewise. This was a zone 4 scheme. Wisconsin has an eccentric plan that has been in effect for a long time. An effort may be made to tackle the whole statistical program from a national standpoint.

Schirmer Engineering Replaces Hendricks

Henricks Engineering Corp. of Chicago has now had its named changed to Schirmer Engineering Corp.



R. W. Schirmer

W. Schirmer is the president. He is a graduate fire protection engineer and started with Hendricks Engineering as chief engineer in 1939. He purchased the corporation shortly after Mr. Hendricks died in 1949. Schirmer Engineering is an independent national fire protection engineering concern, providing inspection service on all types of risks, both direct for the insured and for the companies, brokers and agents. It also provides a consulting service on all types of fire protection, including special hazard protection, automatic sprinkler layouts and spe-

cifications and municipal code interpretation.

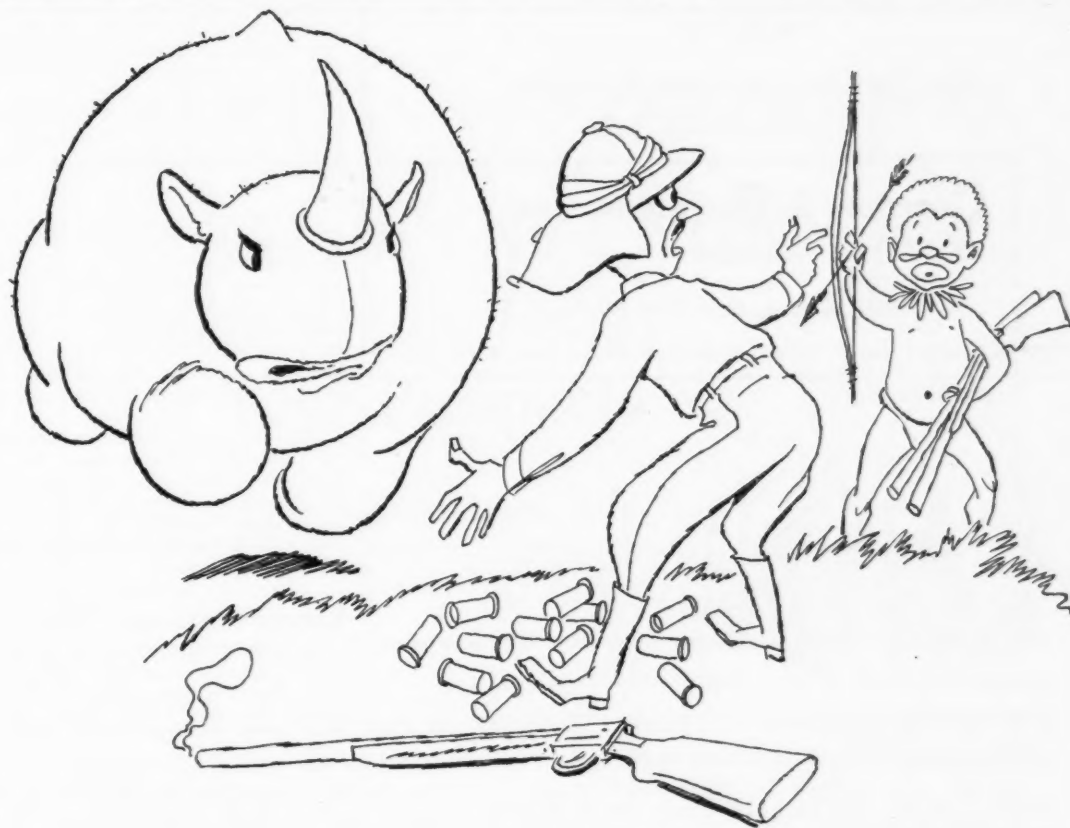
Mr. Schirmer's son, Chester W., recently joined the firm. He is also a fire protection engineer, and spent two years with Missouri Inspection Bureau, and then for two years was a damage control officer on a U. S. aircraft carrier.

D. I. McGonagle continues as supervisor of inspections. He has had service with Western Sprinklered Risk, Pearl, and with a retail mercantile organization.

Schirmer Engineering has resident engineers at Los Angeles, San Antonio, Minneapolis, Atlanta, Buffalo and New York. They visit more than 3,500 cities twice a year on inspection trips. The home office of the corporation is at 1791 Howard street, Chicago.

L. F. Brown Is Bond Manager

In reporting three Massachusetts Bonding changes at Chicago last week Leo F. Brown was mistakenly listed as new assistant manager. His correct title is bond manager. He formerly was with Employers group, first at the home office, then at Louisville.




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Ohio Casualty Adding to Home Office Building

Ohio Casualty is adding a two-story wing to its home office building at Hamilton. It will run to the north of the present structure and will increase the floor space by 50%.

The present building was started in 1926 and the company moved into the first two stories in February, 1927. That building replaced an old residence which had been used since 1920. Two more floors were added to the present building in 1948 and it will be possible to increase the wing under construction to four floors, if needed in the future.

Give Wash. Rural Agents Committee Bigger Job

Plans for reactivating the rural agents committee of Washington Assn. of Insurance Agents were discussed at a meeting at Yakima, called by B. A. Slaughaupt, Jr., of Chelan, chairman of the committee. Several recommendations were submitted to the state association executive committee the following day and were approved. It was decided to embrace in the activities of the committee all members of the state association who are not affiliated with local boards. These agents, it was felt, have special problems and need specific assistance along certain lines.

The executive committee authorized the preparation of a questionnaire by the rural agents committee, on how to meet direct writing competition, improved agency methods and numerous other specific problems. It is planned to hold a series of five or six regional meetings in rural areas away from cities in which there are local associations.

The executive committee approved the addition to the program for the state convention at Seattle Sept. 2-4 of a panel on meeting direct writing automobile competition, a subject which is of special interest to agents in the outlying areas.

Babaco Promotes Two

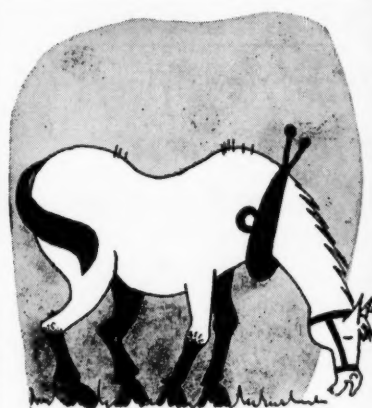
Murray A. Seide and Anthony V. Giovinazzo have been promoted by Babaco Alarm Systems, New York. Mr. Seide, who has served with Babaco since 1949, has been made assistant service manager.

Mr. Giovinazzo becomes assistant office manager. He joined Babaco five years ago after working as a member of the staff of the New York Motor Supply Co., Staten Island.

Both men will be stationed in the New York office of the truck burglar alarm company with Mr. Seide assisting J. Joseph Shapiro, service manager, and Mr. Giovinazzo assisting William E. Blatz, assistant secretary.

Sees Improvement This Year

Leo Seilinger, general manager of Civil Service Employees Insurance Union of California, has gotten out a statement at March 31 to indicate the extent of the improvement that he says has been effected in the affairs of the company. For the first quarter of 1953 he states the loss ratio was 66.85. This compares with 86.02 in 1952. He said that rate adjustments that became effective April 1 combined with measures taken to eliminate undesirable risks should produce a further reduction in loss ratio. The expense ratio for the first quarter dropped to 33.24% as compared with 38.19% for 1952. Premiums earned for the first quarter were \$523,570, and there was an underwriting loss of \$55,255.



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How To Rescind Policy Procured by Misrepresentation

The problem of getting off an automobile risk, especially that of the young driver, when the policy was procured by fraud or misrepresentation, was taken up in a detailed way by Clark MacGregor of the Minneapolis law firm of W. B. King before the claim conference of Conference of Mutual Casualty Companies at Chicago last week.

Mr. MacGregor outlined the facts of the case now on appeal in which a 19 year old boy purchased the car and insurance on it through his father. The trial court was urged to rule as a matter of law that there had been material misrepresentation, but acted on only part of this and left the rest up to the jury, which returned a verdict for the insured. Mr. MacGregor said there is very little law on policy rescission. If there is one general rule which all courts apply, it is that the issues of whether there has been a misrepresentation, whether that misrepresentation was made with fraudulent intent, and whether it was material or increased the risk of loss, are fact issues for jury determination. Only rarely and with great reluctance do courts determine these issues as matters of law. But with intensive efforts and cooperation of agent, underwriter, claim man and lawyer, better trial results can be obtained, he opined.

The courts make a distinction between representations and warranties, insofar as the terms apply to answers supplied by the applicant and contained in his application. A mere representation becomes a warranty when the parties unmistakably understand, not only that the application and all its contents are to form the basis of the contract, but that any false answer in the application will invalidate the contract and render it void. Where the courts require the insurer to prove both fraud and materiality as to representation, the mere fact of an untrue answer may still relieve the insurer where a warranty is shown. However, Mr. MacGregor said a statement in an application will not be construed as a warranty until made so by express agreement in clear and unequivocal language. The underwriting departments, he suggested, might be well advised to reexamine their application forms and satisfy themselves that the language makes crystal clear to each applicant that the truth of every answer is a condition precedent to the creation of the contract.

A far more forceful argument can be made to court and jury when the lawyer can talk about breach of warranty as opposed to mere misrepresentation. Mr. MacGregor noted that the presumption of fraud arising from a false answer would thereby unquestionably be stronger. The majority view holds that the insurer need prove either that a material misrepresentation was made with intent to deceive and defraud or that it increased the risk of loss. Only a minority of courts hold that if the misrepresentation was material to the issuance of the policy, the insurer must also show fraudulent intent. A misrepresentation is material if it induces the company to issue a policy it would not otherwise have issued or for which it would have charged a higher premium.

It must be borne in mind, he added, that rescission is different from cancel-

lation. The company must act promptly upon discovery of fraud, and since it is taking the position that there was never any contract of insurance, the entire premium must be returned to the applicant. The party seeking to rescind must place the other in a position of status quo as of the time the transaction was entered into. The fact that an accident occurs and thereby leaves the company to discover fraud in the application, does not technically effect its right to rescind. Where the right springs from subsequently discovered fraud, the defrauded party does not lose its right to rescind because the contract has been partly executed, and the parties cannot be fully restored to their former position. In other words, he said, one party cannot gain an unconscionable advantage over another through fraud and then resist rescission because he cannot be restored to the position he enjoyed prior to the commission of fraud.

The best solution to the problems presented by fraudulent applications involving youthful drivers lies with the agent and underwriter, Mr. MacGregor declared. The agent has to be con-

stantly impressed with the necessity of a vigilant and suspicious attitude toward these applications. The underwriter might intensify his efforts to investigate the desirability and proper classification of risks, and put into practice effective methods for uncovering material misrepresentations in the application so as to effect rescission before an accident occurs. He could further protect the company by raising each and every answer in the application to the level of a warranty.

When the problem of rescission presents itself, Mr. MacGregor suggested that a particularly thorough investigation be made, bearing in mind that while it is almost impossible to prove fraudulent intent in court, many factors will raise a strong presumption of fraud. The lawyer runs into little difficulty in getting into evidence facts touching upon materiality intending to prove that the matter misrepresented increased the risk of loss.

The agent should be interviewed and the company thoroughly satisfied that misrepresentation was not that of the agent or was not induced or encouraged

by him. Where false factors are put in the application by the agent through fraud, mistake or negligence, while the applicant has made a full disclosure, the contract cannot be voided without proof of collusion.

The notice of rescission should be sent promptly to the applicant via registered mail, and the letter should include a draft for the full amount of premium paid. It should set forth fraud or misrepresentation as constituting grounds of rescission and explain that the contract is void and invalid from its inception.

If the claim department is reasonably sure it will be faced by a law suit on the policy, the lawyers have to be instructed to institute immediately action for declaratory judgment to determine the validity of the policy. This proceeding gives the advantage of a prompt judicial determination before the company becomes vulnerable as a result of possible serious B.I. law suits.

Insurance Agents & Brokers Assn. of Philadelphia & Suburbs will hold its annual meeting Oct. 8 at Philadelphia and its annual banquet that evening.

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Program Ready for Virginia Agents

The program is announced for the annual convention of Virginia Assn. of Insurance Agents at Roanoke June 22-24. On June 21 the directors will meet and registration will begin in the afternoon. That evening the past presidents will have a dinner.

After the presidential address the morning of June 22, a talk will be given by H. P. Stellwagon, executive vice-president of Indemnity of North America, on "An Appraisal of Competition in the Insurance Business." Arthur M. O'Connell, Cincinnati, chairman of the N.A.I.A. property insurance committee, will give a report. In the evening is scheduled a cocktail hour and a Dutch treat dinner.

The next day will open with a local board breakfast, and at the general session the first talk will be that of W. Marshall King, chairman of the state corporation commission, on "Some Aspects of Insurance Law and Supervision in Virginia." John F. Neville, executive secretary of the National association, will discuss "Ownership of Expirations." The committee reports and the election will take place right after this. In the afternoon there will be a golf tournament and the ladies will have a luncheon. This will be followed by the banquet at which the new officers will be installed and the various awards will be presented.

"The Stock Company vs. the Mutual Tax Picture" will be discussed by Joseph F. Leopold, National Tax Equality Assn., to open the concluding session. T. Nelson Parker, general counsel of the Virginia association, will give an address, and the meeting will wind

up with presentation of golf prizes, etc. The executive committee will go into session after this.

T. C. Anderson, Jr., Joins Griffiths, Tate at Chicago

Thomas C. Anderson, Jr., whose father is vice-president of Griffiths, Tate, Ltd., Chicago, has joined that organization and will be associated with its Lloyds business department. He formerly was with Service Mutual of Waco, Tex., and previously for one year was with United States Casualty at Chicago. An air corps veteran, he attended Knox College.

O. K. Mutual Insurance on Louisville Housing Projects

The Kentucky court of appeals has ruled that the Louisville Municipal Housing Commission may insure its housing projects in mutuals. When the commission obtained bids on insuring two new housing projects, the low bidder was Firemen's Mutual of Providence. The commission refused to accept this bid on the ground that the housing commission was a political subdivision, and so barred by the state constitution from becoming a stockholder in any other company.

Federal public housing administration filed a friendly suit in circuit court at Louisville, and Judge Lampe ruled that purchasing mutual insurance would not be illegal. The commission then appealed to the appellate court.

The appellate court held it is not illegal, since the commission derives no income from the state or local funds and has no power to levy or collect taxes.

Geiges Named Chief Engineer of U. L.

Trustees of Underwriters Laboratories of Chicago at their annual meeting decided to reactivate the job of chief engineer, and have appointed Karl S. Geiges to this position.

Mr. Geiges graduated from Newark College of Engineering in 1928 and got his M.S. at Stevens Institute of Technology. He joined the U. L. staff at New York in 1928, and in 1940 was appointed associate electrical engineer. The next year he became service engineer. Mr. Geiges was in the navy for two years, returning in 1946 as associate electrical engineer, while in 1951 he became chief electrical engineer in charge of the Chicago, New York and San Francisco electrical division. He will now have headquarters at Chicago.

Brink Heads Mich. Bureau of Casualty Companies

LANSING, MICH.—Members of Michigan Bureau of Casualty Companies pledged themselves to do their utmost to attack the problem of the high-loss young driver through educational methods at their annual meeting here. All of the 12 member companies reported they are now absorbing loss on their class 2 business, that involving drivers under 25.

Edward Brink, Preferred of Grand Rapids, was elected president; Earl E. Hollinger, Michigan Education Employes Mutual, Detroit, vice-president; F. E. Baker, Employers Mutual Casualty, Des Moines, secretary, and Walter H. Munyon was retained as bureau manager. New directors are Harold Moore, Wolverine, Battle Creek; C. R. McGuffin, Michigan Mutual Auto, Traverse City, the retiring president; Charles Bishop, Ohio Farmers Indemnity, LeRoy, O.

A new policy committee to review existing bureau practices and general policies and formulate any changes was created, consisting of the directors.

There was considerable discussion of rates and territories but it was reported that no consideration was given to any general rate increase. A long-range project of preparing an automobile manual also was discussed and a committee will start preliminary work on it.

On the problem of young drivers no promising solutions were advanced except for greater emphasis in local communities on driver education programs. It was agreed that all members will urge their agents to encourage this educational activity. No specific rate concessions were indicated, however, at least for the time being, as a reward for completion of training courses.

Miller Goes to Carolinas

State Agent F. Hardie Miller of Phoenix of Hartford has been assigned to the North and South Carolina field to assist General Agent J. Bruce Crater of Raleigh, N. C., in opening up multiple line operations.

Mr. Miller will be in charge of casualty and bonding. A well-seasoned fire and inland marine man, he will also assist Mr. Crater in the development of all classes of business "across the board."

Gulf Has Midwest Rally

Company officials, department heads and field men in the central territory of Gulf of Dallas, held a three-day meeting at Indianapolis last week at which H. F. Sweeney, vice-president and central department manager presided. The conference was concluded

with a dance attended by 135 company people and their wives.

130 Turn Out to Honor Bowe, Minn. Veteran

The dinner at Minneapolis honoring Earnest Bowe, retiring Minnesota state agent of Springfield F. & M., was attended by 130 of his friends and admirers. Mr. Bowe has been in the Minnesota field with Springfield group for 47 years.

J. Harry Lewis, Jr., state agent of St. Paul F. & M., was master of ceremonies. Some reminiscences of Mr. Bowe were given by S. W. DeWaard, Home; Robert L. Hanson, vice-president of Minneapolis F. & M.; General George E. Leach of G. E. Leach, Inc.; Charles J. Lund, Fire Underwriters Inspection Bureau; Carl R. Lill, Sun, and M. E. Peterson, vice-president and western manager of Springfield. Brief remarks were also given by Commissioner Sheehan of Minnesota.

Mr. Bowe got a box of cigars from Erwin E. Schwilk, America Fore, who was dressed in an Indian costume, taking note of the fact that Mr. Bowe is a past president of Pee-Quack-Osacay-Gwon. A new television set was delivered to Mr. Bowe's home in the afternoon.

Tyler Nelson Joins Hitke

Exchange Insurance Association has named S. Tyler Nelson vice-president. He was formerly with the Illinois department as deputy director of rating.

Mr. Nelson entered the business in 1930 with Utica Mutual Fire at Utica, N. Y. He became actuary in 1937, and went with the Illinois department the following year. He is a graduate of University of Illinois and U. S. Naval Academy.

Other officers of the association are Samuel N. Bergman, president; Kurt Hitke, treasurer, and W. B. Shapiro, secretary.

Party for Mayflower Agents

Mayflower of Columbus, O. will hold its annual agency party June 24. A short business meeting will be held at the Deshler-Wallick Hotel, followed by a luncheon. In the afternoon the party will go to Darby Dan Farm as the guest of John W. Galbreath, vice-president of the company, where all forms of sports including swimming are available. A buffet supper will be served in the evening. About 600 agents and their wives will be in attendance.

Kneuer Brokerage Special

North British group has appointed Frederick J. Kneuer special agent of its brokerage and service and local departments for the metropolitan New York area. He will call on agents and brokers and generally handle their brokerage accounts. He has been with the group some years.

Ronk Wayne County Special

Irving H. Ronk, Jr., has been appointed special agent for Aetna Fire in Wayne county, Mich. He was for several years with Michigan Inspection Bureau at Detroit and Grand Rapids before joining Aetna. He will be associated with R. A. Wieber, Wayne county manager, with headquarters at Detroit.

Lansing Managers Elect

I. V. Gage was elected during the past week as president of the Lansing Managers & General Agents Assn. Other new officers are: Vice-president, John H. Forshar; secretary-treasurer, Evans Boucher; directors, W. A. Armitage and Robert Bogart; state director, Mel Brown.

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Agents Promoting Highway Safety From Coast to Coast

Agents throughout California this month are sponsoring National Safety Council's "Operation Safety" program on a scope never before achieved in the west. The council program, which has been in operation for five years, uses a different theme each month and distributes a complete kit covering that particular safety angle.

The theme for June—"Speed Kills—Take It Easy!"—literally blankets the state, according to W. R. Van Dusen, chairman of California Assn. of Insurance Agents. The association is using every medium to impress this slogan upon the public and an estimated 1,200,000 pieces of mail sent out by the association will carry the "speed kills" message during June. Operation Safety news releases and radio and television spot announcements have been distributed throughout the state. Bumper stickers, window posters, direct mail pamphlets and large billboards also will aid in getting the message across. California association sponsored a similar program in 1952, but it has grown tremendously in the past year.

As a special supplement to the "speed kills" campaign, Robert W. Jackson, director of public relations for National Automobile Club, which is coordinating the Operation Safety program, developed a series of news releases "declaring warfare on the 'Psychological Six'"—six types of motoring "misfits".

Associations in other states are also actively engaged in the highway safety and speed curtailment program, but a good many of them have members working directly with the state coordinator as part of the highway safety program and thus lose their identity. The Indiana association has hired a special safety director to handle its safety efforts in the state.

As further evidence of the growing recognition of the need for highway safety, especially in the summer months, for the first time 11 north-eastern states have united in a summer speed control program attempting to make their highways the safest of any in the country during the peak travel season which started June 1.

Alarmed by a series of "summer bulges" in serious accidents in recent years, caused by record flows of vacation traffic, the states from Maine to Maryland have mapped out an intensified highway safety program for June, July and August. The 11 states have ordered a "slow down" campaign, aimed primarily at rural travel, to meet the threat of an indicated record summer traffic toll of nearly 2,000 dead and 120,000 to 125,000 injured in the area, according to Northeastern State Safety Coordinators, composed of the heads of traffic law enforcement and judicial agencies and organizations of the individual states, which is sponsoring the pioneering summer highway safety drive.

Assn. of Casualty & Surety Companies has also participated actively in this particular movement. The states represented in the coordinators' group include Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Delaware and Maryland.

A little further to the west a program has been set up in Marysville, O., by the Tom Nuckles insurance

agency of Marysville and Richwood to find and reward Union county's safest most courteous drivers. The agency, to carry out this program, is awarding a \$5 check to the most courteous driver of the week for 26 weeks. Weekly winners of the "Courtesy Driver Program" are selected by a committee of men and women located throughout the county who report each week outstanding facts of driving courtesy by the county's drivers. Winners are announced in local newspapers.

Prior to entering the local agency field, Mr. Nuckles was Missouri state agent for Springfield, in Ohio for Hanover, past secretary of Missouri Fire Prevention Assn., and a past member of Ohio Fire Underwriters Assn.

Opens Cumberland Office

Harleysville Mutual Casualty has opened a claims office at Cumberland, Md., with Arthur Kiracofe, district claims manager, in charge. He has been with Harleysville Mutual since 1949.

Steel City Blue Goose will hold its annual election June 22 at Pittsburgh.

Big Future Seen for Credit Insurance

Twenty million American families were protected against installment obligations with consumer credit insurance last year, Leslie T. Kizer, Central States H. & A. of Omaha, told Consumer Credit Assn. in his presidential address at the annual meeting. He estimated that approximately \$7½ billion of credit life insurance was written in 1952 and \$30 million in credit A. & H.

Mr. Kizer gave a qualified yes to his rhetorical question: "Is consumer credit insurance profitable?" He explained that although volume of this coverage has grown rapidly in the last 10 years, the margin of profit is often less than from ordinary lines. The specialized nature of credit insurance greatly increases operating costs, he declared, citing as an example sales personnel, who he said are an overhead expense for at least two or three years. He contended that a company which charges a reasonable premium and pays all legitimate claims would not

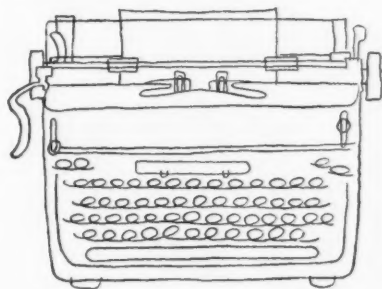
find it possible to realize an underwriting profit of 4%, the minimum expected for ordinary insurance lines and for retail and manufacturing businesses.

According to Mr. Kizer, credit insurance companies today have a maximum of 20% left after paying claim and acquisition expenses to pay taxes, supervise and administer the business and earn an underwriting profit.

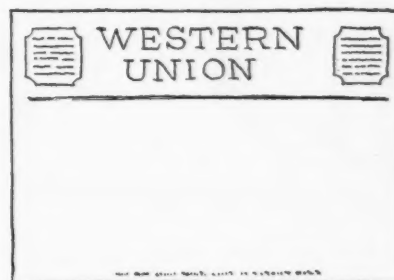
Companies considering entering the field should not regard credit insurance as a get-rich-quick scheme, Mr. Kizer warned. It is a highly competitive and specialized business requiring hard work, ingenuity, key personnel and substantial capital. He predicted that in the next 10 or 20 years this line will go faster than the ordinary lines, but expressed the opinion that "the percentage of profit in the premium dollar may even be narrower than it is today. Installment sales are here to stay. I believe that the time is not far off when most people will refuse to sign an installment contract or make a modest straight loan without consumer credit insurance protection."



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Today one of my neighbors telephoned to request an insurance survey. I met him at his factory and together we looked over the plant: Safety devices, maintenance, fire apparatus, exits, and stock. Then we sat in the office and laid out a complete plan including fire, extended coverage, use and occupancy, rental value, and sprinkler leakage insurance. This was an excellent opportunity to review all lines with him and to remind him that mutual insurance means reduced costs to him. Being an astute business man, he was quick to see that with the appreciable saving he could purchase additional coverages which had hitherto been too expensive.



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OF INSURANCE COMPANIES

NAUA Okla. Filing Calls for 2.6% Less on New Rate Formula

National Automobile Underwriters Assn. has announced a rate revision in Oklahoma for physical damage coverages, effective June 29. Over-all effect will be a decrease of 2.6% in premiums. Rates for the \$50 deductible collision are unchanged.

The revision was prepared in accordance with the new rate making formula being used by N.A.U.A. This is described by the organization as actual dollar expenditures for losses and expenses plus 25% for commissions to the policy writing local agent and 5% for profit and contingencies.

The new formula uses information from the association's statistical plan for losses and allocated loss expenses and the expense exhibit for expenses, with consideration of past experience and its value as a measure of prospective experience.

Formerly the association used a 50-50 formula in which all items of expense (except allocated loss expense) included with losses were considered as a fixed percentage of the premium dollar. Under the new method, those expenses, except for commission and profit and contingencies, are considered on an experience basis and will vary from year to year as expenses in the aggregate vary. Specialty companies and others which do not operate on the regular agency basis are eliminated for expense computation purposes; regular stock agency companies are included.

Thus total losses incurred and expenses incurred, excluding commission and profit for a state, constitute 70% of the needed premium revenue. The remaining 30% is 25 for commission and 5 for profit and contingencies. The needed revenue is calculated in this way because the items of commission and profit must be certain percentages of finally determined revenue.

It is said that in general the new formula produces a somewhat smaller premium than the old method.

Solution to Personnel Shortage Is Short Lived

One direct writing mutual insurer thought it had solved the very critical shortage of trained casualty personnel when it opened up offices in an eastern city not too long ago. It hired at a good rate of wage employees of other insurers in the city, to work from two to three hours each night.

However, the solution to the personnel shortage did not prove permanent. As the other insurers discovered what was going on, they notified employees that they were perfectly free to work for the newly arrived insurer, but that they could not work for them and the newly arrived insurer.

Atlantic Advances Isaacs

Edgar E. Isaacs has been appointed assistant secretary of Atlantic Mutual and Centennial. He has spent more than 20 years in underwriting, production and administration. He joined the group in 1952 after having served as assistant manager at New York of American-Associated. He is a law graduate and a C.P.C.U.

Cleveland Buys Out Douglas

Jack Cleveland has purchased the interest of Wesley Douglas in the Cleveland-Douglas general agency,

Phoenix, Ariz., and will continue it under the old name.

N. W. Mutual Hikes Dividend

Northwestern Mutual Fire is increasing dividends on fire policies covering the dwelling classification from 15% to 20%, effective Aug. 1. Farm dwellings continue, as do all other classes, at the present 15% dividend scale.

The increase is applicable to dwellings and contents (other than farm dwellings), apartments, motels, sorority and fraternity houses and rooming and boarding houses.

Miss Myrtle Woods of Stockton, Whatley, Davin & Co. has been elected president of Insurance Women of Jacksonville, Fla. Edna Reynolds, Chas. E. Commander Co., and Augusta Silin, with A. H. Turner, manager, are vice-presidents; Catherine Tucker, Randall & Hebard and Esther Moore, John Marshall agency, secretaries, and Jenevieve Grubb, Conklin agency, treasurer. Miss Woods was elected delegate to the national convention at Cleveland.

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NO PROFIT FROM HOSPITALIZATION

How to Get Proper Balance Between It and Loss-of-Time Coverage Reviewed

Pointing out that there is very little prospect of making any profit on hospitalization insurance, but that there is a strong pressure on the companies to write that line, A. P. Dowlen, assistant vice-president of Great National Life, in his talk at the annual meeting of H. & A. Underwriters Conference, took up some suggestions as to ways of obtaining proper balance between loss-of-time and hospital coverage, including possible commission adjustments.

He said the problem is one with which many companies are presently concerned. It is a problem that cannot be solved in the same way by all companies because of differences in types of companies and operations. A plan that would be successful with one company might not succeed with another.

He took up some of the things that have brought about the situation in which many companies find themselves today. Their premiums on hospitalization business have so greatly exceeded the other accident and sickness premiums that the result has been an actual underwriting loss on the business as a whole. The experience of the past few years has demonstrated that, generally speaking, there is very little, if any, profit in the hospitalization business and the prospects for the future do not appear to be any more favorable. All companies realize that the industry has a certain responsi-

bility in this connection, "but at the same time we are entitled to at least a reasonable profit for the services we render."

The general public is hospitalization-conscious as never before. This can be attributed to a number of things, such as constant publicity with respect to prepaid medical care, the growing popularity of Blue Cross and Blue Shield plans, the increased incidence and cost of hospital confinement, the inability of the hospitals to extend credit as in the past, and as a matter of fact, the industry itself has contributed very materially to this attitude on the part of the public. Hospitalization coverage has been publicized in newspapers and magazines, over the radio, by direct mail and by house to house distribution of cards and folders.

"Such publicity has apparently created in the minds of many people, including, I am sorry to say, some agents," Mr. Dowlen said, "the impression that hospitalization is a primary, rather than a supplemental coverage. Hospital expense policies do not provide money for the grocery bills, the clothing bills, the rent or the house payments.

"As previously pointed out, there appears to be very little hope that profits of any consequence will be realized from the writing of hospital expense insurance. Although the average hos-

pital stay for many of the common ailments has decreased considerably, this has been more than offset by the increased incidence and cost of hospital confinement. We are all well aware of the fact that people are now being sent to the hospital for minor conditions which were formerly treated at home or at the doctor's office. We are also well aware of the extent to which inflation and the use of expensive drugs and treatments have increased hospital costs. Policies have been liberalized from time to time in an attempt to meet some of these increased costs and, in some cases, perhaps without sufficient consideration as to premium charges.

"It would not seem proper, however, to consider the matter only from the angle of profit. After all, we are engaged in a business of service and it is evident from the experience of the past few years that there has been a sincere effort on the part of the insurance industry to furnish the best protection possible at a reasonable cost. This is proven by the fact that, although many companies have sustained considerable losses during the past few years from the writing of hospitalization insurance, they have continued to offer such coverage. It is believed that most such companies are willing to continue offering hospital expense insurance if they can devise some means of bringing about a proper balance so that a reasonable profit may be realized on the accident and sickness business as a whole. There are those in the industry who feel that each line should stand on its own feet and that business should not be written on the assumption that profits on one line will more than offset losses on another. Perhaps, however, even those who share this view would be satisfied

(CONTINUED ON PAGE 34)

Fireman's Fund Opens New Headquarters for Canada at Toronto

Fireman's Fund will soon establish a departmental headquarters at Toronto, with complete production, underwriting and claims service facilities for Canadian producers east of Alberta. John H. Kennedy has been named manager for Canada and Rex L. Burry will be chief accountant.

Heretofore, operations in eastern Canada were directed from the western and eastern department of Fireman's Fund at Chicago, Boston and New York. The Canadian expansion program calls for the establishment of new service offices at Montreal and other eastern centers, to augment the facilities provided by the field headquarters at Vancouver, Calgary and Regina. Operations in British Columbia and Alberta will remain under the supervision of the regional office at Vancouver. It is expected that the new Toronto headquarters will be in full operation by Sept. 1.

Mr. Kennedy has had more than 25 years experience in the property insurance field, starting with Prudential of England at Montreal. In 1931, he was transferred to Toronto as office manager and underwriter in a newly opened branch and later spent nine years in the field. In 1945, he was made superintendent of inland marine operations, in 1949 agency superintendent for all Canada and in 1951 assistant manager for general branch business in Canada.

Mr. Burry has been chief accountant and office manager for Glens Falls at Toronto since 1942. He has been in the accounting field since 1922.

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Kansas Blue Cross Has Catastrophe Cover

Kansas Blue Cross on July 1 will start issuing catastrophe coverage which will allow for polio and nine other specified diseases \$5,000 maximum additional benefits for each Blue Cross and Blue Shield. It includes private duty nursing, although there is a limit on this.

The benefits under the catastrophe plan will pick up beginning with the 16th day on to cover services not under the basic contract. There is a 12-month limit. The charge is 30 cents for an individual and 60 cents for a family, and the insured, of course, must have the basic Blue Cross-Blue Shield coverages.

Most of the Blue Cross business in Kansas has a 90-day limit, so the insured would be covered under the basic catastrophe plan completely for that time, and after 90 days the catastrophe coverage would be the only policy in effect.

FCIC Extension Opposed

WASHINGTON—The U. S. Chamber of Commerce is fighting pending crop insurance legislation. The chamber has written a letter to the House committee on agriculture, in which it maintains that the federal crop program is not truly experimental and the pending bill would authorize its extension to new areas and new crops.

Crop insurance should be on a self-sustaining basis, the chamber says, whereas at present government subsidizes it by paying administrative costs with taxpayers' funds. These are about 25% of total costs, it is stated.

The system stimulates the demand for crop insurance, the chamber said.

The program is declared to be a worthless "experiment" as long as farmers are insured at bargain rates at expense of taxpayers.

Leslie Cooke, Jr., Joins Industries Agency

Leslie Cooke, Jr., who for about a year has been with the Kelly-Cooke agency at Chicago, has joined Industries Agency, Inc., 105 South La Salle street, of which Howard W. Yount is the operating head. Mr. Cooke is the son-in-law of John S. Cuneo of the Cuneo Press. Mr. Yount, before organizing Industries Agency about a year ago, was with the insurance department of the United Air Lines.

Indemnity of N. A. Names 2 Agency Superintendents

Indemnity of North America has promoted E. Ross Hopkins, Jr., and Durl J. Gonser to agency superintendents in the casualty production service department at the head office. They joined the company in 1947 in the company's school for special agents. Mr. Hopkins was special agent at Detroit and Mr. Gonser at Harrisburg. In 1951 Mr. Gonser transferred to Nashville.

Pa. Non-Group Hospital Plan

Central Pennsylvania Blue Cross, Harrisburg, is instituting a non-group enrollment plan which is to be open to practically everyone, regardless of place of employment, and for self-employed or unemployed persons.

For the first time, benefits for members enrolled apart from a group are now identical with those of group members.

Program for Wisconsin Field Meetings Announced

MILWAUKEE—The program for the annual meetings of Wisconsin Fire Underwriters Assn., Wisconsin Blue Goose and Wisconsin Fire Prevention Assn., to be held at Maxwellton Braes, Bailey's Harbor, Wis., June 23-25, has been announced by Eli Shupe, Home, chairman of the arrangements committee.

The Blue Goose will hold its meeting Tuesday in charge of H. L. Mauriston, Firemen's Fund, most loyal gander. Guest of the pond will be Sam Sterling of Winnipeg, M.L.G.G.

Preliminary business of the Fire Underwriters Assn. will be conducted at the first business session Wednesday morning, by Lloyd Wallace, Jr., Niagara Fire, president. Most of the period will be devoted to a talk on "Enthusiasm in Selling," by James E. Dornoff, vice-president and sales manager of Pate Oil Co., Milwaukee. Golf and other sports are on the afternoon program, and the annual banquet will be held that night.

The annual meeting of the fire prevention group will be in charge of John Hitt, Aetna Fire, president. The film, "Magnolia Story," will be shown, and Paul H. Mast, executive secretary of Wisconsin Assn. of Insurance Agents, will speak on "Fire Prevention Work with Agents."

Independents File New Auto Plan in Wash.

Independent stock companies in Washington have filed a private passenger B.I.-P.D. classification rating plan as of June 1, with the proviso that policies effective May 1 or later may be endorsed to take the new rates. The filing as to classes is the same as that of Mutual Insurance Rating Bureau, which went into effect May 1.

As respects classes 1B and 2A, the independents have a rate advantage of about 10% below the mutuals. The rates are 20% down for 1A, up about 7% for 2B, and 2C is up about 30%. Applications must be signed by the insured to qualify for the 1A rates.

Dr. R. N. Gray to Retire

Dr. Roscoe N. Gray, surgical director of Aetna Casualty, will retire July 1 after 29 years with the company. He was graduated from Oakland College of Medicine & Surgery and after practicing medicine in California joined Aetna as surgical adviser, being advanced to surgical director in 1930. Dr. Gray is the author of "Attorney's Textbook of Medicine," a recognized authority on medicolegal subjects.

Ludwig Goes to Agency

Clarence E. Ludwig has joined Commercial Insurance Agency at Detroit. He has been with Automobile of Hartford and Standard Fire as Wayne county manager, having been there for six years, and having a total of more than 20 years with the companies as underwriter. With Commercial agency he will direct fire production and engineering.

Raney Tenn. Special Agent

American has appointed James W. Raney, Jr., special agent for central Tennessee, with headquarters at Nashville.

Correct Retention Excess

A typographical error in the story last week that quoted Frank G. Cosgrove, president of Service Mutual of Waco, indicated that his company has a reinsurance treaty with American

Mutual Reinsurance covering catastrophe for 90% excess of its net retention up to \$7,500 excess of a net retained loss to Service Mutual of \$20,000, whereas this should have been \$300,000 excess of the net retained loss.

Committee Assignments of National Board Given

Harold C. Conick, Royal-Liverpool, president of the National Board, has announced his committee appointments for 1953-54. Committees and their chairmen are:

Actuarial bureau, D. J. Cowie, Pearl; adjustments, John Rygel, Hanover, conference, W. A. Hebert, Springfield F. & M.; building construction, Charles P. Jervey, Travelers Fire; finance, D. R. Ackerman, Great American; fire prevention, H. W. Miller, Commercial Union; incendiaryism and arson, Lester S. Harvey, New Hampshire; laws, J. C. Hullett, Hartford Fire; maps, Bruno C. Vitt, American; membership, P. J. Priore, Sun; public relations, W. A. Rattelman, National Union; statistics and origin of fires, W. L. Nolen, North British; uniform accounting, John W. Dillon, Buffalo.

Tinted Auto Glass Makes Underwriters Eye Drive-ins

Drive-in theaters are coming in for closer scrutiny from fire underwriters these days because of the increase in the number of new automobiles that are being equipped with tinted glass.

Tinted windshields completely distort the new "3-D" pictures and also adversely affect technicolor films. The effect on ordinary black and white movies is not so great.

One group has sent a bulletin to field men requesting they pay particular attention to attendance figures when inspecting drive-in theaters.

Ball Named in A. & H. Field

Stanley W. Ball has been named special representative of the A. & H. department of Commercial of Newark and Metropolitan Casualty in Missouri, Oklahoma and Kansas, with headquarters at Kansas City. He succeeds Charles E. Woodward, who was transferred to the western department at Chicago some time ago.

Pickett Heads N.Y.C. Pond

New York City Blue Goose at its annual meeting and golf outing at Rock Spring Country Club, West Orange, N. J., named Floyd C. Pickett of Home M.L.G., Thomas P. Finegan of Corroon & Reynolds, supervisor; H. A. Wittich of Merchants Fire, custodian; John J. McAndrews of Prentiss B. Reed Adjusting, guardian; H. F. Graebe of Boston, keeper, and W. M. Whitesell, Jr., of General Adjustment Bureau, welder. The two delegates to the grand nest are Mr. Pickett and Past M.L.G. Robert F. Stumpf of G.A.B.

American Cargo War Risk Reinsurance Exchange, New York, has reelected Henry C. Thorn, resident vice-president of North America, New York, chairman; Owen C. Torrey, Marine Office of America, vice-chairman; Hawley T. Chester, Chubb & Son, deputy vice-chairman; Edward R. King, secretary, and Romer F. Weyant, treasurer.

Miss Margaret McDonnell, president, addressed New Hampshire Insurance Women's League at Plymouth. The June 22 meeting, at Meredith, will be in charge of Mrs. Beatrice McDonald, Belknap county director.

The Myri G. Underwood agency has moved into new quarters at 214 E. Washington st. Ann Arbor, Mich. The agency formerly was located at 228 Nickels arcade.

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Davis Executive V.P. of N. Y. Underwriters

Harold C. Davis, vice-president of New York Underwriters, has been elected executive vice-president. Charles S. Kremer was elected chairman and James C. Hullett president.

Driving Prowess, Family Status Not Linked—Taylor

Oregon Mutual Insurance Rating Bureau's automobile liability rate filing plan, using "arbitrary reasons not at all connected with operation of a motor car," was rejected by the Oregon department on the grounds that rate decisions would be made solely on marital status and parenthood.

The filing would have granted a 20% reduction to preferred risks and surcharged other classes as high as 32%. Commissioner Taylor, labeling the plan unrealistic, said a filing should be devised based on lower premiums for accident-free drivers, thereby offering an incentive for careful operation of a car.

Fireman's Fund Expands at Syracuse, Appoints 3

Fireman's Fund has expanded its facilities in Syracuse into a full branch office and has promoted Harold J. Rosser casualty manager there in charge of indemnity operations for central New York. Mr. Rosser moves from the Rochester office.

Martin R. Schneider has been named regional supervisor for bond and burglary at Syracuse and John J. Rooney was named marine manager there.

New Missouri Insurers

Mid-America Fire & Marine is the title of a newly licensed insurer at 921 Baltimore avenue, Kansas City, with capital \$200,000 and net surplus \$20,000. The officers are well known in the city especially in the real estate field. President is Donald L. Elbel; vice-president, H. A. Seeger; secretary, Arthur M. King; treasurer, Charles F. Curry, and assistant secretary, E. G. Huston.

Also newly licensed in Missouri but not under the jurisdiction of the insurance department is a farmers mutual at 7115 St. Charles Road, St. Louis county, called American Fire & Marine Mutual. The incorporators are all named Bouehlow.

So. Cal. Marine Men Elect

Marine Underwriters of Southern California installed these officers at its annual golf tournament and banquet. President, W. H. Irby, Fireman's Fund; vice-president, Henry M. Sanquinetti, Travelers; secretary, Douglas L. Cowan, Marine Office of America; treasurer, Henry F. Dunbar, Founders.

More than 50 members participated in the golf tournament. Founders' was awarded the perpetual trophy in inter-company competition sponsored by Meredith S. Moore, head of the independent adjustment firm bearing his name.

Two More Join E. U. A.

Dubuque Fire & Marine and United National Indemnity have been elected members of Eastern Underwriters Assn.

Explains Sliding Scale

LOS ANGELES—Pacific C.P.C.U. chapter heard President John W. Lamble of North Star Reinsurance discuss the controversial sliding scale form of fire reinsurance contracts. He traced

the origin of the form from that of a Russian company in 1907 down to the era of controversy before the NAIC and its present status of allowable within a five point spread for the purposes of setting unearned premium reserves.

Farrell New Head Man of N. D. Field Organization

North Dakota Fire Underwriters Assn. at its annual meeting at Bismarck elected Bart J. Farrell, St. Paul F. & M., as the new president; R. P. Anderson, Fireman's Fund, vice-president, and reelected Phil Krause, Springfield F. & M., secretary-treasurer. Rex Klinkenborg, Norwich Union, and Ralph D. Rudrud, Home, were named to the board.

Plans were discussed for the coming year, with considerable interest shown in a contemplated agency education and public relations program.

New Surety Group Is Organized at Harrisburg

Surety Assn. of Harrisburg, Pa., has been organized with Burt C. Proom, Maryland Casualty, as president. Vice-president is Reed B. Teitrick, U. S. F. & G., and John F. Gardiner, Jr., Fidelity & Deposit, is secretary-treasurer. This is the third local surety association in Pennsylvania, and the 44th nationally. These locals are independent organizations working closely with Surety Assn. of America.

Inselman Takes Kaufmann's Post with Marine Office

George Inselman has been appointed manager of the ocean cargo department of Marine Office of America to succeed Walter S. Kaufmann, who retired June 1.

Mr. Inselman started in 1918 with British & Foreign at New York, serving successively as manager of the claims department, secretary, assistant underwriter and assistant U. S. attorney. In 1939 he went with Fire Association and later became a vice-president of that company. He joined Marine Office in 1945 and became assistant manager in 1950.

Undertakers Hear Newhoff

Norman S. Newhoff, state agent of Employers group, spoke on "Fire Insurance Coverages for Funeral Directors" and showed the film, "Introducing the Policyman," at the annual meeting of New York State Funeral Directors Assn.

Curtis Richmond President

Dalton B. Curtis of Employers group has been elected president of Casualty & Surety Underwriters Assn. of Richmond. A. J. Short, Aetna Casualty, is vice-president; V. L. Willett, Bituminous Casualty, secretary; S. C. Juiffre, Fidelity & Casualty, treasurer, and E. L. Benson, Jr., New Amsterdam Casualty, assistant treasurer.

Get Farm Owners Mutual

Hawkins & Taylor agency, Topeka general agents, have been appointed general agents for Kansas for Farm Owners Mutual.

John B. Crosby of Springfield, Ill., has sold his agency to Lanphier & Co. as of July 1. Mr. Crosby will continue to operate his real estate business.

Casualty Adjusters Assn. of Chicago has set June 24 for its annual outing and day of sport, which will be at St. Andrews Country Club.

\$6 Million Loss on Tanker Collision

One of America's largest sea-going tank ships was sliced in two in a collision with another oil carrier last week in Delaware Bay. Both were owned by National Bulk Carriers of New York. The ships involved were the Phoenix, which when it was launched a few years ago was the nation's largest tank ship, and the Pan Massachusetts. The Phoenix had no cargo, and the Pan Massachusetts was carrying a full load of gasoline.

The bulk of the insurance is in the London market. A figure of \$6 million for both vessels and the load of high octane gasoline on the Pan Massachusetts is said by underwriters to sound about right for the insurance loss.

The collision, which occurred at night, appeared to have resulted from a mix-up in signals between the two ships moving in opposite directions.

Ins. Co. of Texas to Build

Ins. Co. of Texas has made plans to build a new home office building at

a cost of \$1,500,000. It is expected that the ground breaking ceremony will be in August.

New York Life Enters A. & H. Major Medical Field

New York Life has announced a new individual and family major medical expense policy with \$500 deductible and maximum benefit for one accident or sickness of \$7,500 plus 25% coinsurance. Hospital confinement is required but benefits incurred two months before and six months after are payable. An unusual feature is the guarantee the company will not refuse renewal solely on change in physical condition.

Ga. A. & H. Men Elect

Jarrett L. Davis, Provident Life & Accident, has been elected the new president of Georgia Assn. of A. & H. Underwriters. Frank O. Watt of Washington National is 1st vice-president; Harry Jenks, Pacific Mutual Life, 2nd vice-president, and Elyse F. Cremin, American Casualty, is secretary-treasurer.

'Bye! Have a nice trip ...

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Former Professional Claimant Reveals Tricks of Trade to Dallas Group

Dallas Claim Men's Assn. had as its attraction at the last meeting a former professional claimant, who submitted 10 fraudulent claims in one state in one year and who served two prison terms in Texas for false swearing. He is Cleon Steven of Houston. C. F. Holman, who is in charge of the claims bureau of Assn. of Casualty & Surety Companies, in making the introduction, said of 19 injury claims submitted by Steven four were characterized by Steven as legitimate while the others were either faked or exaggerated.

It was on his 13th claim that he was first caught, due to swearing to a

statement that he had never presented a claim before.

Within a month after he had served his sentence of 14 months in prison, he filed a legitimate claim. However, the very next claim that he filed was a fake. In the latter he faked paralysis of the legs by self-hypnosis and he even had the doctor completely puzzled. The claims bureau then stepped in and Steven went back to prison for another 14 months.

The audience submitted questions which Steven answered and the following are some of these:

Q. After you served your first term for false swearing, why did you again

sign an affidavit denying your prior claims? A. "I guess you might say maybe I was stupid, or a little more greedy".

Q. When and how did you develop the idea of filing fake claims?

A. Steven said the first injury he had on the job a fellow-employee approached him and told him he might "be able to make a good thing out of it".

Q. Did the fact that it was easy to settle on your first four claims prompt you to filing fake claims? A. No.

Q. Did you ever plan an accident before time?

A. "I never planned anything like that ahead".

Q. Why have you never employed an attorney in any of your claims?

A. "He got the bigger share".

Q. When you take a job do you try to

find out whether your employer carries workmen's compensation insurance? Do you try to find out the name of the insurance company before you stage a claim?

A. I tried to find out in a round-about way whether it was the same company I had filed on before.

Q. When you faked paralysis of the legs, how did you eliminate feeling anything?

A. Self-hypnosis. I believe that if you set your mind to do something it can be done.

Q. Did you ever get a doctor to give a written report on injuries you didn't have? A. No.

Q. Didn't the doctors who examined and treated you ever tell you they didn't believe you had been hurt? How were you able to fool them?

A. It takes a specialist to be sure

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you're not really hurt. You can fool a general practitioner.

Q. Did you tell attorneys anything about other claims?

A. Second claim was only time I had a lawyer.

Q. On legitimate claims were you treated by insurance adjuster fairly? If you were not, why and in what way?

A. "I have no kick coming from any claim."

Q. You faked paralysis after serving your first sentence in Huntsville. Was it in Huntsville that you studied self-hypnosis?

A. No, I have believed in self-hypnosis since I was a child.

Q. Why did you always use your real name?

A. I was afraid that using a false name would be a federal offense.

Q. Did you ever have witnesses to a fictitious accident? If so, was it difficult to get them? How did you get them?

A. Yes, I have had some witnesses. Just friends who did it as a favor.

Q. If you were an adjuster what would you look for in order to prove the claim was fake?

A. "I would try to have the man put under a lie detector."

Q. Did you ever carry personal insurance on an individual basis? A. "Never".

Q. Without mentioning names have you known other individuals who filed and collected on fake claims? A. "Yes".

Q. Were you ever questioned under a lie detector? A. No.

Q. Do you know who your present carrier is? A. No.

Q. On exaggerated claims, did you hurt yourself on purpose? A. No.

Q. Did attitude of adjusters ever cause you to exaggerate claim? A. No.

Q. Did an adjuster ever appear to be intelligent enough to make you want to withdraw your claim?

A. I never withdrew a claim. However, occasionally an adjuster would make me feel that he thought I was putting on a little bit more serious than it was.

Q. Have you ever had a doctor to suggest that the injury might be serious or become serious?

A. I once had a doctor tell me my injury was serious, but he turned around and told the insurance company that it wasn't serious.

Q. Did you every try letting a car brush you, doing a flip, and faking a claim?

A. Never. I have known people that have.

Q. Have you ever practiced the flip?

A. I used to do that. I used to be a prizefighter.

Q. If you were an adjuster and a claimant came to you and you thought it was a fake claim, how would you handle this?

A. "I would try being pals with him, and if that didn't help I would come out in plain English and tell him what I thought".

Those attending the meeting were impressed with the importance of reporting the claims promptly to the index bureau and of taking statements, getting the facts, asking about past claim record and questioning closely about prior claims and collections. One point was to ask about "claims" rather than simply about injuries because the person may have had a claim without an injury.

McCabe & Hengle Makes Move After 41 Years

On the 21st floor of the Insurance Exchange building, Chicago, two insurance offices that have occupied the same space ever since the building was completed in 1912, have now made moves. They are the McCabe & Hengle agency and the Chicago office of Northern Assurance. However, both have a strong polarity for that building and that particular floor because their moves were to space just a tidilywink away from where they have been 41 years. McCabe & Hengle have been at 2127 and now are at 2135, and Northern Assurance moves to 2141 from 2168.

This is just the second move in its entire history for McCabe & Hengle. The agency under that name dates from 1904 when Charles R. McCabe was the head man. It was then located at 29 South La Salle street and its first move from there was to the Insurance Exchange building in 1912. The present partners are John McCabe and Ralph H. Loser.

At the same time Agricultural and Empire State, whose Chicago representatives have been located within the confines of the McCabe & Hengle agency now have independent quarters next door housing Manager Paul Olinger and Thomas P. Fitzgerald, special agent. On the same floor there is A. F. Shaw & Co., which continues to occupy the same space since the building was put up, and also Cook County Inspection Bureau. The new moves developed from the fact that Phoenix of Hartford put all its Chicago departments together in a single office on another floor.

UIF THREAT PASSES

Vermont's senate killed a house-approved bill to set up an unsatisfied judgment fund.

John Bell, assistant manager Michigan Inspection Bureau, addressed a meeting of drive-in theater managers at Detroit. He offered construction tips which would result in rate savings and give comparisons of existing rates on drive-in theater construction, according to materials used and the plan of lay-out.



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EDITORIAL COMMENT

Speed Is Still the Big Killer

Mechanix Illustrated, a widely circulated magazine, takes a wild editorial swing at insurance company statistics indicating that speed is a principal cause of traffic accidents, injuries and deaths. Editor Bill Parker makes the point, with which nobody should quarrel, that the primary cause of accidents is bad driving. But when he goes on to say that "a good driver, under good conditions, can operate an automobile safely at 80, 90, or even 100 miles an hour" he is doing the cause of safety a disservice. Assuming such speeds are safe on the salt flats or the beach at Daytona—and even that is debatable—the effect of such a statement about speed and safety is to make the unthinking reader believe that high highway speed is much safer than he'd realized—provided he's a good driver and the conditions are what he, in his wisdom, considers good. The catch is of course that you will look far and wide before you'll find a motorist who doesn't consider himself a skilled driver. He'll laugh off reflections on his looks or athletic prowess but you are safer questioning his sense of humor than his driving ability.

The insurance statistics that Mr. Parker attacks are those of Travelers, though the company is not named. He pooh-poohs its statement that "excessive speed was the principal cause of traffic accidents in 1952. Speed killed 13,430 persons and injured nearly 600,000." This was out of 37,600 auto deaths and 2,090,000 injuries for 1952.

Against these figures from one of the most highly regarded sources Mr. Parker sets some conclusive testimony given at a public hearing at Harrisburg on the accident toll on the Pennsylvania turnpike. This testimony, from a report by an air brake com-

pany, indicated that less than 1% of passenger cars involved in accidents on the turnpike were exceeding the speed limit, which is 70 miles an hour for the eastern section and 60 for the western. Plenty of damage can be done at 69 or even 59 miles an hour. Besides, how many of those involved in accidents ever admit they were exceeding the speed limit—and what other way could the police know whether they were or not unless one of the pitifully small number of turnpike police happened to be trailing the car at the time?

We agree with Editor Parker that "there are a lot more bad drivers on the highways than good ones." His plea for mandatory driver training before licensing is excellent. But until such time as drivers know their own limitations and know enough to keep their speeds within safe limits it is extremely unwise for anyone to spread the idea that speed isn't the major factor in an appallingly high percentage of fatal accidents.

The slow-reacting driver who thinks he's safe at 70 because the car rolls so smoothly and quietly is pretty sure to kill himself and a few others if he gets into a tight spot at that speed. If he's compelled to stay down to 50 he might have time to avoid the accident or at worst settle for a few hundred dollars of damage to his car.

If Editor Parker would really like to know whether speed is the killer he declares it isn't, he should have a talk with Thomas N. Boate, accident prevention unit manager of Assn. of Casualty & Surety Companies, or with the life company actuaries who tabulate causes of deaths among policyholders.

PERSONAL SIDE OF THE BUSINESS

Bernard Stone, Nebraska lawyer and former insurance commissioner of that state, had a reunion at San Francisco during the N.A.I.C. meeting with his sister **Zeta Stone**, formerly of the Illinois insurance department, who just recently went with Bankers Life & Casualty of Chicago.

J. F. Miazza, general manager of the Southwestern department of General Adjustment Bureau, was made an honorary member of the faculty of the University of Houston at the commencement exercises last week.

President **W. W. Kemmerer** of the

university in a letter to Mr. Miazza commented: "We recognize your outstanding work in the insurance field in America and we particularly want to recognize your work in the adjustment bureau and your cooperation with the University of Houston in making training and education possible in this field."

Robert H. Oppenheimer, secretary-treasurer Oppenheimer Brothers, Kansas City, vice-president Insurance Facilities Corp. of Illinois and vice-president Insurance Facilities Corp. of Missouri, returned to the U. S. on the

Caronia after a two-month stay in Europe. He spent a month in London arranging new Lloyds contracts and the remainder of the trip touring France, Switzerland and Italy. He was accompanied by Mrs. Oppenheimer.

John J. Ahern, director of the fire protection and safety engineering department at Illinois Institute of Technology, was reelected president of Greater Chicago Safety Council.

H. O. Fishback, vice-president of Northern Life of Seattle, was warmly greeted at the N.A.I.C. meeting at San Francisco. He suffered serious injuries in a fall during a convention at Yakima last August and this was his first trip out of town since that time.

Miss Jeanette McElroy, assistant personnel director of American States, Indianapolis, has been elected vice-president of Indiana Industrial Editors Assn.

L. C. Irvine, general manager American Foreign Insurance Assn., is on a three-week trip to Italy, India, Pakistan, England and France, visiting branch offices.

W. W. Williamson, a director and retired general manager of Norwich Union, sailed for England this week after a 10-day visit with E. P. Smith, U. S. manager, and other officials here. Mr. Williamson was on the last leg of a trip around the world.

Miles Eliff, regional manager of the Rain & Hail Bureau, Wichita, was named governor of Rotary International for district 19 at the Paris international convention.

Roy E. Wheeler, Detroit manager of the Hartford Fire, is recuperating from a recent illness at St. Joseph's Mercy Hospital, Pontiac.

Ernest A. Paviour, president of R. S. Paviour & Sons, Rochester, N. Y., received a citation from University of Rochester at commencement exercises. He played a prominent part in the Greater University fund drive of 1924-25 and has been a university trustee since 1932.

Miss Beatrice Chamberlain, assistant personnel director of Mutual Benefit H. & A., has been named as the first woman to serve on the National Board of National Office Management Assn., an organization of office managers. She is a past-president of the Omaha chapter.

Leo Goodwin, president of Government Employees Ins. Co., and Mrs. Goodwin took a quick look at N.A.I.C. group at San Francisco Sunday and then sailed Monday for Hawaii.

Robert A. Lovett, who was until recently Secretary of Defense and has now resumed his position as a partner of Brown Bros., Harriman & Co., has been reappointed to the New York board of directors of Royal, L. & L. & G., British & Foreign Marine and Thames & Mersey. Additionally, he goes back on the affiliated boards and finance committees of the U. S. companies in the Royal-Liverpool group. He occupied these positions with

Royal-Liverpool in 1946 and 47 until he became Undersecretary of State and then again from 1949 until 1950, when he became Secretary of Defense.

Alfred S. Snow, Ohio state agent of Camden Fire, is retiring this month as secretary of the corporation of Trinity Church. This famous Episcopal parish is now in its 136th year. Mr. Snow is past president of the Brookside Country Club, past most loyal gander of the Ohio Blue Goose, and has been editor of its publication, "Pin Feathers" for 15 years.

DEATHS

WILLIAM M. EBERLE, president of Eberle & Co. general agency at Oklahoma City, died there at 57, following a sudden heart attack. Mr. Eberle started in insurance with Philadelphia Underwriters at Erie, Pa., and when it was absorbed by North America, he was transferred to Chicago, and later to Omaha. He established his agency in 1929.

JOHN R. MEYERS, 51, resident vice-president in Tennessee of Utilities of St. Louis, died at his home near Chattanooga. Mr. Meyers started with Lumbermens Mutual Casualty at Chattanooga and later organized Tennessee Casualty while he was with Volunteer State Life. In 1936 he joined Utilities.

MRS. CHARLES W. HIGLEY, widow of the former president of Hanover Fire, died at Lakeville, Conn.

ROBERT E. MOUCH, 71, who operated the Mouch agency of Cincinnati with his son, Paul, died after a short illness. He had operated the agency for 33 years, and it will be carried on by his son.

JULIUS J. BEST, 71, local agent at Jackson, Mich., for nearly 50 years, died there. His son, J. J. Best, Jr., has been active in the management of the agency for some time due to the declining health of his father.

KENNON V. ROTHCHILD, 63, of Chicago, prominent in national organizations of casualty underwriters and fire prevention work, as well as personal production, died at Onkama, Mich., while visiting there. Most recently associated with Scarborough & Co., Mr. Rothchild entered the insurance business with his uncle and father in a local agency in St. Paul, Minn., which they had operated for many years. For several years he was identified with National Surety there and for five years was vice-president of William B. Joyce & Co.

He then went to Chicago and became a member of the brokerage firm of H. E. Leopold Co., resigning that position to become resident manager at Chicago of Federal Surety. Mr. Rothchild gave up his managerial duties to join William C. Danne & Co., at Chicago, to give him more time for the development and care of his personal business. He was also active with the Danne office in handling and

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While in St. Paul, Mr. Rothchild was chairman of the executive committee of St. Paul Insurance Exchange and casualty committee chairman, regional vice-president and member of the executive committee of National Assn. of Insurance Agents. He was also interested in fire prevention work, having been chairman of the fire prevention committee of the St. Paul association. At one time he was also an executive committee member of Surety Underwriters Assn. of Chicago.

J. H. BELLAMY, 46, comptroller of Union Auto Indemnity Assn. of Bloomington, Ill., died there after a short illness. He was 1st vice-president of Illinois Bureau of Casualty Insurers. He had been with Union Auto for 25 years.

MRS. DON C. HAWKINS, whose husband is assistant secretary of St. Paul F. & M., died. Burial was at Mount Morris, Ill.

WILLIAM T. CLARK, 86, for many years with Fire Underwriters Inspection Bureau, died at Minneapolis. He was a member of the Blue Goose.

ROY C. FLEEMAN, SR., 52, Florida manager of Mutual Benefit H. & A., died at Miami.

EDY C. EKENBERRY, 84, local agent at Columbus, O., died at his home at Camden, O.

RAY P. WINKLER, 56, local agent at Oshkosh, Wis., was killed when struck by an automobile while crossing a downtown business street.

B. A. BRANDS of the Spurgeon Agency, Prairie du Rocher, Ill., former Illinois state assemblyman, died at a Red Bud, Ill., hospital after a heart attack.

GEORGE H. GRIFFIN, 52, prominent local agent at Manchester, N. H., died there.

LEE H. ROEBACK, 58, local agent at Erie, Pa., died after a heart attack.

SHERMAN S. COOK, SR., 65, Helena, Mont., local agent, died of a heart ailment. He entered the business in 1934, forming the Bowden-Cook agency. This was recently sold to Harold N. Wheat of Bozeman, who formerly owned and operated the Valley Insurance & Realty Co. at Bozeman.

HENRY J. STREAT, 58, Richmond local agent since 1930, died in a hospital there.

GEORGE L. WAGNER of the Martin-Le Breton local agency of New Orleans, died.

GEORGE SCHNEIDER, 93, at one time a deputy state fire marshal and for years city building inspector at Louisville, died there.

HERMAN H. PURDOM, 68, retired local agent of Springfield, Ky., died at a hospital at Lebanon, Ky.

Geyer to American F.&C.

H. Sewell Geyer of Ashland, Va., has been appointed special agent of American Fire & Casualty, covering Virginia, District of Columbia and Maryland. He formerly was with Federated Mutual Implement & Hardware.

Mrs. John J. Ciconet has been elected president of Insurance Women of Richmond. Mrs. W. W. Gray is vice-president; Mrs. Elsie Robinson, secretary; Mrs. Salome Lewis, treasurer.

New W. C. Policy Form Filed by National Council

Simpler, Modern Contract Eliminates Many Endorsements

SAN FRANCISCO—National Council on Compensation Insurance, as a part of its studies to achieve small policy economies, has produced a revised workmen's compensation policy contract. This has been filed by the council in all states where it is a rating organization and has been recommended to other rating organizations for filing in the remaining states.

H. F. Richardson, general manager of the council, in presenting his report to the workmen's compensation committee of N.A.I.C. here, noted that the proposed effective date of the new policy has been left open because, to obtain maximum advantage, it is desirable that the contract be acceptable for use in all states concurrently. He said it is to be hoped that approvals from a sufficient number of states will be received promptly so that the new contract can be introduced at an early date.

He said that for several years the council has been studying the problem that faces member companies in the disproportionate expense involved in the handling of small W.C. risks. As a result of action at the June, 1951, convention of N.A.I.C., the W.C. committee named a subcommittee to cooperate with the industry in attempting to obtain operating economy on small policies. The council has been reviewing underwriting and statistical practices.

The present W.C. policy was drafted by the late Walter G. Cowles of Travelers about 40 years ago when W.C. was young and underwriting concepts quite different. In spite of the extension of the W.C. principle to many new states and the broadened scope of W.C. coverages, the original policy has withstood the changing conditions over the years. Though amendments to the current policy have been frequently suggested, it was not until the study of the small risk problem focused attention on the complexity of policy writing and of current endorsement procedure that the work of revision actually began.

One objective of the revision was to simplify and clarify the form of the

policy and to adapt it to the many changes in cover and new rating concepts adopted over the years—an increasingly necessary objective if the policy is to be understandable to the insuring public and companies are to develop efficient and economical policy writing procedures.

However, the redrafting was a tremendous task because of the multiplicity and wide variety of W.C. laws and the many court decisions interpreting the policy. Underwriting and coverage changes have developed over the years that required consideration. Drafts and redrafts of the form were studied from legal and underwriting viewpoints and law and court decisions reexamined before the final product was settled on.

A second major objective was to eliminate a very large number of endorsements now required to adapt the policy to meet different coverage needs of individual employers, the administrative regulations of supervising authorities and requirements of underwriting and rating manuals. At present at least one and sometimes four or five or more endorsements are needed to complete a policy contract.

The proposed form, however, can be immediately used in many states for the majority of risks without a single endorsement. In a number of states simple endorsements may be required to temporarily satisfy certain state statutory provisions pending legislative revisions.

He expressed hope that legislatures affected will look favorably upon amendments that will eliminate these special requirements, among which is the necessity of including in the policy, verbatim, portions of such laws.

The revised contract contemplates complete W.C. cover for the states included in the policy, a somewhat broader employer's liability cover, especially with regard to diseases other than occupational for which the employer may be liable, and a revision of the employer's liability provisions to bring them in line with similar provisions in other types of liability policies.

The council staff is undertaking the development of a coordinated program for further committee review of underwriting and statistical procedures in the handling of small risks. Each problem here is difficult in solution individually, but becomes even more complex when put in combination with others. Among the approaches to the general problem being worked upon are:

Simplification of classification procedure for small risks including the question of how a transition can be accomplished as risks change from the simplified method to standard classification and payroll procedures as risk size increases.

Development of adequate and readily verifiable premiums to minimize payroll auditing expense.

Practicability of writing long-term policies on a three-year or continuous basis and what incentive may be necessary to transfer the business from one-year contracts to a long-term base.

Practicability of writing small risks on a fixed advance premium that would require no adjustment of premium on expiration.

And, simplification of handling statistics on small risks and adaptation of such statistics to rate making procedures.

Any such program will require changes in long established routines and procedures which vary substantially, company to company, according to the report. In the past year new and pertinent material on this subject had been developed through questionnaires circularized by National Assn. of Insurance Agents.

The Musser agency at Wapakoneta, O., has been sold to Richard E. Roser. It will be known as the Musser-Roser agency.

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American, (N. J.)	1.10	24 1/2	25 1/2
American Motorists40	12 1/2	13 1/2
American Surety	3.00	60 1/4	62 1/4
Boston	1.40	33	34 1/2
Camden Fire	1.10*	22	23
Continental Casualty	2.50*	81	83
Crum & Forster Com.	1.60	46	48
Fire Association	3.00	64 1/2	66
Fireman's Fund	1.60	55	57
Firemen's (N. J.) .....	.90	26 1/4	27 1/2
General Reinsurance	1.60	36 1/2	38
Glens Falls	2.00	56	58
Globe & Republic .....	.80	16 1/4	17 1/4
Great American Fire	1.60	38 1/2	38
Hartford Fire	3.00	150	152
Hanover Fire	1.80	38	39 1/2
Home (N. Y.)	2.00	40	41 1/2
Ins. Co. of No. America	2.25*	83 1/2	85 1/2
Maryland Casualty	1.20	24 1/2	26
Mass. Bonding .....	.....	21 1/2	22 1/2
National Casualty	1.50*	28	Bid
National Fire	2.60	64	66
National Union	2.00	41	43
New Amsterdam Cas.	1.50	41 1/2	43
New Hampshire	2.00	43	44
North River	1.20	27 1/2	29
Ohio Casualty	1.40	60	63
Phoenix, Conn.	3.40	93 1/2	95
Prov. Wash.	1.50*	27 1/4	29
St. Paul F. & M. ....	.85*	30	32
Security, Conn.	1.70*	36	37 1/2
Springfield F. & M.	2.00	45	46 1/2
Standard Accident	1.60	42 1/2	44
Travelers	14.00*	734	732
U. S. F. & G.	2.00	58	60
U. S. Fire	1.50*	36 1/2	38

MIDWEST UNDERWRITERS

J. R. MULDER

Surplus Line Broker • Lloyd's London Correspondent

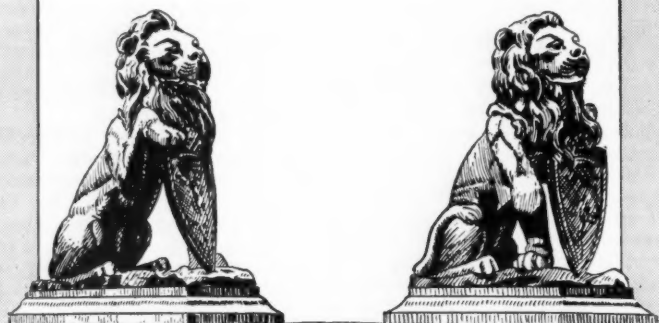
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Deductible in Jewelers Block for First Time, for Retailers Only

NEW YORK—Inland Marine Insurance Bureau has filed with all insurance departments a deductible clause for retailers and pawnbrokers under jewelers' block coverage. The deductible is new, though some years ago there was a deductible on the Pacific Coast.

Deductibles, and appropriate credits therefor, are established in amounts of \$500, \$1,000, \$2,500 or \$5,000. The deductible does not apply to loss or damage caused by fire or lightning, and cannot be insured elsewhere. Salvage runs to the insurer until the sum paid by it has been made up. The 20% participation clause in section B of the show window display endorsement is deleted if there is a deductible, with a charge for the deletion included in the premium promulgation for the policy.

In connection with the earthquake assumption endorsement, the 5% deductible of that or the new dollar deductible is to be used, whichever is greater. Premium calculations, except credit for deductible, continue to be made by the bureau. The basic rate remains the same and the credit is figured on that base, varying according to the size of premium.

The change is regarded as of some consequence and was developed to meet a limited demand by the jewelry trade and some individual accounts for a deductible. Of the 43,378 total jewelry firms in the U.S., as reported in 1952 by Jewelers Board of Trade, 36,217 were retail and 7,161 wholesale and manufacturing. Over a six year period, the amount of premium produced by jewelers' block is represented about 60% by the retailer and pawnbroker classification.

The credits apply per sales location to the net ex-fire premium, including charge for the deletion of the 20% participation clause.

Deductible	From Ex-Fire Premium % Credit	
\$ 500	20% 1st	\$ 500
	15% Next	500
	10% Next	1,500
	7½% Next	2,500
	5% Over	5,000
\$1,000	25% 1st	\$ 500
	20% Next	500
	15% Next	1,500
	12½% Next	2,500
	10% Over	5,000
\$2,500	33½% 1st	\$ 500
	30% Next	500
	25% Next	1,500
	20% Next	2,500
	15% Over	5,000
\$5,000	40% 1st	\$ 500
	35% Next	500
	30% Next	1,500
	25% Next	2,500
	20% Over	5,000

Grants Pass Agents Elect

Sam L. Fox has been elected president of Grants Pass (Ore.) Assn. of Insurance Agents. Charles B. Shirley is vice-president and William D. Gillespie, secretary.

Atlantic Enters Wisconsin

Atlantic Mutual is now starting operations in Wisconsin. John M. Birmingham, Jr., has been appointed manager of the Milwaukee office, which will cover Wisconsin and the upper peninsula of Michigan. He has been marine supervisor in Wisconsin for Home and active in the Wisconsin field for 14 years. Earlier he was for 10 years with Chubb & Son at Chicago.

Writes Article on "Presumption"

An article on the so-called "Presumption of Due Care" as applied in California negligence cases, by Sidney

L. Weinstock and his associate, Harold J. Chase, has been published in the spring issue of Hastings Law Journal. The article discusses the background and development of the presumption, erroneous concepts concerning its nature, its proper role in a negligence case, and the unfair advantages often accruing to plaintiffs in wrongful death actions and in personal injury cases resulting in a plaintiff's amnesia when the courts erroneously allow the use of the presumption.

Public Hearing Legislation Is Causing Concern

With Oklahoma enacting a law requiring public hearings in rate change filings there are now three states that have taken this step since the passage of the rating legislation induced by public law 15. The others are North Carolina and Kentucky. Also there are others with older laws such as Virginia, Louisiana and Texas. In general the insurance company people object to such procedures and are apprehensive lest the idea prove to be even more catching. A system of public hearings state by state would be a formidable hurdle for a national organization or nationally operating insurer to cross in connection with an extensive rating program. However, there is one reaction that seems to be emphatic and that is that if there is going to be such a law it should require public hearings for all filers and under all circumstances. The Kentucky law, which provides for hearings within the discretion of the commissioner, is distasteful to most of those on the company side.

Alaska Surplus Line Law

A new surplus line law has been enacted in Alaska, providing that all kinds of insurance, except life, when not obtainable from admitted companies, may be placed with non-admitted carriers of whose solvency the insurance commissioner is satisfied. The act provides for service of process upon such non-admitted companies.

Every non-admitted insurer writing coverage under the provisions of the new act is deemed to be doing business in the territory as an unlicensed non-admitted carrier. The commissioner may issue a license to non-resident agents and brokers authorizing them to solicit and write insurance with non-admitted carriers in conformity with the law, provided they comply with other provisions, including the licensing section, of the Alaska act.

Open New Richmond Office

The Hardware Mutuals of Wisconsin have opened a sales and claims office at Richmond, covering Maryland, North Carolina and District of Columbia, in addition to Virginia.

William H. Van Leeuwen, former underwriting consultant at the home office, will be general manager there; Stephen C. Perry, sales manager; Lindsey G. Cook, claims manager, and Charles E. Oman, office manager.

Robert H. Cronk has been appointed insurance manager of Nestle Co., White Plains, N. Y. He succeeds H. A. Joseph, who retired after 30 years of service. Mr. Cronk started with Frank & DuBois, was with Pendleton & Berger, another New York brokerage firm, and was with Home for a time. After war service he was assistant insurance manager of Union Bag & Paper Corp. and then manager, until he joined Nestle in 1951.

Surety Association of Chicago held its summer golf outing June 9 at Glenlake Country Club at Bloomingdale.

Fred W. Selsor, Fidelity & Casualty, Cleveland, addressed Insurance Board of Columbus, O.

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VITT TELLS S.E.U.A.

Business Basically Local But Phases Need Nationalizing

This business is basically local, Bruno C. Vitt, president of American, said in his address as retiring president of South Eastern Underwriters Assn. at the annual meeting in Hot Springs, Va. This is one of the unchanging fundamental truths of the business. He discussed other such fundamentals and related the present trend of the business to them, and talked about the problem of future adjustment of organizations such as S.E.U.A. to trends current in the business.

Most fire insurers were organized and began business on a local basis, they dealt directly with local property owners, management and personnel local in origin and thinking. As population and the economy expanded, the local touch so vital to continued success was in danger of being lost. Fortunately the establishment and rapid evolution of the American local agency system reversed this trend. Today the vast majority of the business has localized practically every important aspect of its operations so that it has grown as great as it is. It is woven into the human fabric of every community, large and small. The industry is the success story of hundreds of thousands of local boys who have made good, he declared.

Today the business is in a vital stage of the most thorough change it has

ever undergone—the consolidating, integrating and streamlining of facilities to provide better service via multiple line underwriting. All of this adds up to an attempt to improve the product, package it more broadly and conveniently, coordinate pricing procedure and distribute more widely and efficiently. Experimental coverages already have been tried—and have drawn fire from impetuous individuals in the business who are blazing away with scatter guns in an effort to bring the experimental balloons down before they get off the ground. Mr. Vitt thinks that these indiscriminate marksmen are taking up arms in a lost cause. Public need is the sole criterion.

He noted that numerous physical adjustments have been made but more important has been the complex task of impressing upon company personnel, from management through all operating levels, that such personnel can no longer limit themselves to the role of fire, casualty or marine men but must assume the title and outlook of insurance men. He pointed to integrated home office executive staffs, a narrowing at the top of organization but with a simultaneous broadening at every lower operating level with increased functions and opportunities for those charged with executing multiple peril operations. Company decentralization has speeded up, at least in production, at the time M. L. unification has been developing. Management thus indicates its belief that integrated over-all policy can be carried out best at local levels. National success depends upon local efficiency, he said.

Associations such as S.E.U.A. today have a broader scope and potential than in the past, he added. Just as executive management staffs of individual

insurers are being integrated in home offices, it is reasonable to conclude that leading executives of the formerly separate segments of the industry will join in a national advisory body which will be concerned with policy making for the entire industry, he said. This will be a forum where individuals responsible for the well being of their companies and collectively for the well being of the industry can meet to discuss common problems, foster reasonable coordination and uniformity in the public interest and establish research facilities whose results will be beneficial to insurance departments, regional associations, rating bureaus and boards, etc. Statistics, public relations, legislative matters and safety endeavors likely would be a part of this expanded national setup. Yet specialized problems will have to be executed at the local level. There will be opportunity for better service by insurer members and a wider scope of performance by professional staffs manning these enterprises.

"Local" in connection with an association definitely does not mean the protection of geographic or special interests, he declared. It means rather that the national managements of companies realize local people are better able to deal with specific situations peculiar to a given geographic area and to find the solution which fits into their over-all national interest. S.E.U.A. members and staff perpetually are engaged in helping to piece together a huge jigsaw of national insurance affairs. Maintaining windstorm facilities in Florida illustrates the type of problem which has little in common with other geographical areas. Yet a solution here was vital to the insuring public and producers in the area and of

Scott Nixon Gets Arnall Unusual Risk Award

The Arnall unusual risk award, presented annually by Georgia Assn. of Insurance Agents to the member who has written the most unusual risk, was won at its recent convention by Scott Nixon, Southern Finance Corp., Augusta, for a rain policy on a sub-contractor. The sub-contractor, a plumber, had to perform an outside job on a Saturday morning between 8 a.m. and noon to avoid delaying the progress of the general contractor.

To get his employees to work on this particular morning, the sub-contractor found it necessary to guarantee four hours pay at time-and-a-half regardless of whether work was done or not. Fearing that it might rain, he was influenced to purchase a rain policy as a protection for the cost of labor in the event of inclement weather.

It is reported that the workmen reported, received their pay, it did not rain, the job was completed, and insurance again proved itself as an economic stabilizer.

Searing Joins Starr & Co.

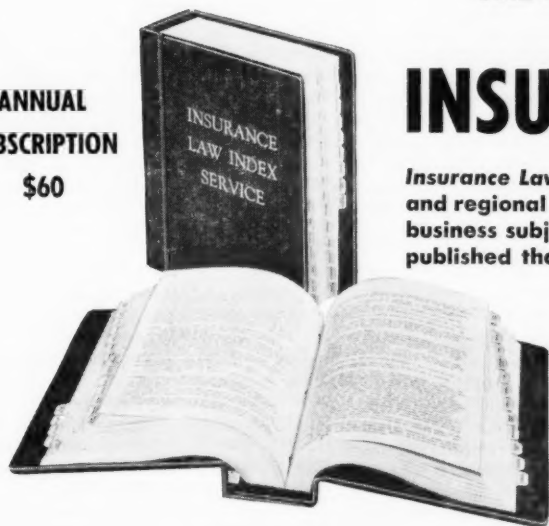
Arthur F. Searing has joined C. V. Starr & Co. as vice-president and adviser on investments. He was formerly with the investment banking firm of Drexel & Co. for 13 years, except for two years in the navy.

major importance to member companies whose underwriting philosophy is grounded in geographic spread of risk and diversification of lines and whose unswerving purpose is to provide a market for necessary coverage. No absentee establishment could deal with this type of question so successfully.

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Subscribers to Insurance Law Index Service have received so far this year revised material based on insurance legislation passed during the 1953 sessions of a number of legislatures, including a 45-page exhibit of the new Revised (Insurance) Code of Ohio.

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MUNICIPAL AND COUNTY TAXES AND FEES

A detailed record of taxes and/or fees imposed on insurance is shown for an unusually broad list of municipalities in 14 states. Municipal license tax data are being edited to show the actual wording of the ordinances.

The New York City tax section, for example, covers the General Business and Financial Tax (Gross Receipts Tax, Business Tax), the Compensating Use Tax, Fire Department Tax, and the Occupancy Tax (19 pages). The license tax exhibit of South Carolina requires 35 pages to present while the ordinances of 108 municipalities are quoted.

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NAME TITLE
COMPANY
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CITY ZONE STATE

Knowlton To Become NAIC Executive Committee Head

(CONTINUED FROM PAGE 1)

message. He spoke with satisfaction of the fact that the zones have reduced their meetings to one a year. He gave a resume of the results of a questionnaire on auto insurance problems that he had conducted among the commissioners. On the question of general conditions there were 35 states characterizing the situation as "fair or better" and 13 as "critical," "bad" or the equivalent. In general there seems to be a leveling off and he voiced the hope that a trend for the better is developing nationwide.

Mr. Martin voiced the belief that the May 27 Defense Department directive on solicitation of life insurance on military bases will not cure the abuses, which he said are justly characterized as fleeing Korean G.I.'s and clear cut fraud.

The attempted regulation of insurance companies and agents by the Defense Department, he charged, is a violation of public law 15. There is no effective penalty provision in the directive. It is no remedy for unsound underwriting whereunder thinly financed Texas insurers write great numbers of personnel from single outfits without a war clause.

Nevertheless, the commissioners showed an aim to make the directive serve the public interest as far as possible. Where there is concurrent jurisdiction between state and the federal government, the agent must still be licensed by the state and here the commissioner can exert wholesome influence—under the directive commanding officers are advised to take counsel of state insurance departments

and the commissioners should be as helpful as possible. N.A.I.C. should launch a long range program for exclusive state supervision. The unauthorized insurance bill could be amended. This provides for the home state commissioner cracking down on any of his domestic companies that solicits on an unlicensed basis in any "reciprocal state." This could be amended so as to provide, for example, for Texas to crack down on a Texas insurer that operates on a military installation without being licensed in the state in which the base is located.

Bowles of Virginia as usual was appointed chairman of the resolutions committee.

There was considerable interest manifested in the new Defense Department directive on the sale of commercial life insurance on military bases. Some expressed disappointment that the department didn't rule that both the insurer and the agent must be licensed in the state in which the base is located, even though this would have left the G.I.'s in Texas bases open to the ruses of the covey of Texas companies that have been causing all the trouble. There was some feeling that the Defense Department ruling in a way cast a mantle of respectability over those that have been engaged in odious operations. A comparison is made, for instance, with the mail order insurers that were sprayed with disinfectants and then entered into a federal trade commission code.

There were rumors that one branch of the industry was prepared to enter a strong protest against the mounting cost of company examinations.

One of the high points from a hilarious standpoint came in the session Monday afternoon on London Lloyds

reinsurance when Commissioner Jensen of North Dakota proposed that N.A.I.C. send a crew of examiners to London to conduct an examination of London Lloyds. This led to the facetious suggestion that N.A.I.C. put on a convention at London.

Although the session on credit life and credit A. & H. insurance did not set off any fireworks, this issue is being watched intently. Many of the life insurance people are fearful lest abuses here engender remedies that would be suggestive of rate regulation of life insurance. Household Finance Corp. is engaged in a firm crusade to stamp out what it refers to as tie-in sale of life insurance with the small loan transaction and Attorney Paul Boyer was here to reaffirm that position.

John Holmes of Montana at a brief session of the real estate and taxation committee Tuesday morning reported that "on account of the mess left by the previous administration, we can't reduce taxes for six months." Thereupon that meeting was adjourned.

At a largely attended meeting of the A. & H. committee Tuesday morning, Leslie of Pennsylvania, reporting for a subcommittee recommended that prior to the December convention a meeting be held with the Blue Cross and Blue Shield commissions to ascertain what these organizations intend to do in the emergency reserve minimums and terminal maternity reserves; also the committee recommended that states in which the legislation covering these plans is inadequate should proceed to enact needed statutes.

Then came a report that recommends something that skirts the idea of a permissible loss ratio for A. & H. It came from a subcommittee headed by Navarre of Michigan on policy benefits in relation to premiums. This report took pains to say that any ratio should not be set up as a basis for automatic disapproval of policy forms, but a schedule was included which the committee characterized as a "benchmark". According to this committee, a ratio running below this schedule should cause eyebrows to be lifted, so to say, and the individual state regulations and statutes referred to. This sounded like circumlocution to many in the audience and that it was actually a long step in the direction of a permissible loss ratio.

The committee recommended that where the benefits of a policy including policy dividends produce an ultimate credible loss ratio lower than percentages stated in the table, there is created a possible presumption that the benefits are unreasonable in relation to the premium charged. For accident-only coverage where the annual premium is \$5 or less the benchmark ratio is 25 and for A. & H. combined it is 40. On premiums from \$5 to \$10 the comparable ratios are 35 and 40 and over \$10 they are 45 and 50. Where the premiums are payable monthly or more frequently the ratios are to be dropped five points.

This, according to the committee, should not apply to special risk, tailor-made forms on which there is no expectation of covering enough persons to secure other than wholly insignificant experience.

J. F. Follmann of Bureau of A. & H. Underwriters gave a report on enactment of the new standard provisions law. This is now in effect in 39 jurisdictions, 11 having been added this year. The bills are still alive in Alabama, Ohio and District of Columbia.

The remaining states in which there are laws in conflict with the new provisions are Arizona, Kentucky, Massachusetts, Minnesota, Missouri, Oklahoma, South Carolina and West Virginia.

At the meeting of the N.A.I.C. examinations committee Tuesday afternoon, J. Ray Berry of the National Board said his organization has appointed a subcommittee of chief executives to study the examination manual and procedure with the view to expediting the handling of examinations and they desire N.A.I.C. to set up machinery so that the board people can exchange ideas with the commissioners and get their ideas before N.A.I.C. It is understood the fire people are exercised by the mounting costs of these examinations.

Navarre of Michigan sandwiched in a session Tuesday afternoon at which time he released the draft of a new proposed uniform qualification law for both property and life insurance agents. This incorporated views of various elements of the industry that had been solicited by mail. An adjournment was taken so that the new draft could be studied by those interested. The first reaction of the fire and casualty agents group was that the draft embraces such a watering down of standards for licensing as to be unattractive to them. The life company people had asked to have life insurance qualification law consideration completely separated from the property insurance program, but the Navarre committee stuck by its guns in advocating a law to blanket all agents. American Life Convention and Life Insurance Assn. of American had submitted a brief saying that it is next to impossible to develop a model bill satisfactory to all segments of insurance; views vary state by state and the policy of underwriter associations makes it difficult to set up a uniform pattern. The difficulty of reconciling essential differences between several classes of insurance, particularly in the light of states rights difficulties suggests that even though the uniform objective might be attained at the N.A.I.C. level, the result in practical operation would be constant legislative turmoil. The only practical solution is separate laws for the several classes of insurance.

The social security committee headed by Dickey of Oklahoma held a session Tuesday afternoon and voted to ask that the committee be dissolved.

The uniform accounting committee held a lengthy session late Tuesday afternoon and the debate was sharp on how closely the expense exhibit figures should be mortised into the rate structure and whether such mortising should be mandatory.

BRIEFS FROM NAIC MEETING

Ernest Palmer of Springfield, Ill., general counsel of the Lansing B. Warner insurance organization, had a get-together with his son, Bradley Palmer, at the N.A.I.C. San Francisco meeting. Bradley is supervising underwriter at the head office of Fireman's Fund.

Martin Lewis, general manager of Surety Assn. of America, with Mrs. Lewis flew in from Hawaii for the N.A.I.C. meeting.

Shelby Cullom Davis, the insurance stock specialist from New York, after attending the N.A.I.C. meeting at San Francisco, went to Los Angeles to address a luncheon meeting of Los Angeles Society of Security Analysts on "Outlook for Insurance Stocks."

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Legal Obligations of the Agent to His Company and Client and Dangers Therein

Insurance agents are confronted with a number of legal pitfalls, many recognized and some not, Samuel A. Gennet, Newark attorney, said at a recent agents' meeting. Agents are not conscious of some of them because as in all professions, customs and usages have grown up which do not conform strictly to the statutes and decisions. Expediency has fathered these practices on the part of insurance companies, agents, brokers and insured.

The agent owes certain duties and is subject to certain liabilities, both to insurer and insured.

As to his duties to insurer, an agent must act in good faith, confine his acts within the scope of his actual authority, obey his principal's instructions and use due care and reasonable diligence in transacting the business entrusted to him.

The general rule, Mr. Gennet said, is that the agent is liable to the company for losses resulting proximately from any failure or departure from such duties. Though an agent may, within his apparent or ostensible authority, bind the company to risks which his instructions forbid him to assume, he is liable to the company if he issues a policy in violation of his instructions and thereby subjects the company to a liability which it has forbidden him to assume for it. The extent of the liability is the amount of insurance paid and expenses incurred by the company on account of the loss.

He is also liable if he fails to exercise reasonable diligence to cancel a policy when so ordered by insurer. A leading case in New Jersey is one decided in 1923 by the supreme court there, *Northwestern National vs. Albert Robbins, Inc.*, 98 N.J.L. 612, 122 Atl. 438.

In that case Albert Robbins, Inc. was an agent of Northwestern National and through a broker had written a fire insurance policy covering a hotel in Asbury Park. Within several weeks after the policy was written by the agent, the company ordered him to cancel it at once.

The agent wrote to the broker, who had placed the business on several occasions, and asked him to return the policy at once, since the company had requested cancellation. The policy was neither cancelled or returned and within several months the hotel was destroyed by fire. The hotel owner of course recovered against insurer, since he had a valid policy.

The court held that in a suit by insurer against the agent the agent was liable because of his neglect to follow the company's orders. The agent did not exercise reasonable diligence in following the insurer's orders.

The court went on to point out the fact that the broker who had placed the business with the agent was the agent for insured, for the purpose of obtaining insurance, whereas the insurance agent was the agent for the company. Therefore, the notice by the agent to the broker that the company wanted to cancel the policy was not the cancellation notice required under the policy to insured, since the broker is only the agent of insured for the purpose of placing the insurance, and as soon as the insurance is placed, his agency is terminated.

If the agent chose to act through the broker by sending the broker notice of cancellation, he made the broker

his agent and was responsible for his default if the broker did not obtain the return of the policy from insured prior to the loss.

Suppose an agent received an order to cancel or reduce the risk, Mr. Gennet commented, and he feels that the company is misinformed or has taken a mistaken view as to the safety of the risk and he questions the wisdom of cancelling or reducing it. To be perfectly safe, he should send out the notice of cancellation to accord with his instructions and try to change the company decision before the time expires.

Some agents have immediately written to the company involved, explained their reasons for disagreeing with the opinion of the company, stating "I shall withhold taking any further action until I hear from you in reply to this letter". That throws the hot potato back into the company lap and might relieve the agent of liability, even if a loss occurred after a reasonable time to send notice of cancellation has expired.

The decision in each case would depend on the facts and the agent places himself in a position of having a jury decide whether he used the required diligence or not. Of course if the company takes under consideration the

Supreme Court Finds U. S. Not Liable in Texas City Case

(CONTINUED FROM PAGE 2)

out fault arises irrespective of how the tortfeasor conducts himself and is imposed automatically when any damages are sustained as a result of the decision to engage in a dangerous activity. The degree of care used in performing the activity is irrelevant to the application of that doctrine, but the court noted that the tort claims statute requires a negligent act, and in its judgment, liability does not arise by virtue either of the government ownership of an "inherently dangerous commodity" or property, or engaging in an "extra hazardous" activity.

"Petitioners rely on the word 'wrongful' as though showing that something in addition to negligence is covered," the court remarked. This argument, it said, does not override the fact that the act does require some brand of misfeasance or nonfeasance, and so could not extend to liability without fault. Committee discussions when the act was undergoing hearings indicate that it had a much narrower inspiration such as trespasses which might not be considered strictly negligent. "Had an absolute liability theory been intended to have been injected into the act, much more suitable models could have been found," the court declared.

In his dissenting opinion, Justice Jackson said the government's negligence in the case "was not in policy decision of a regulatory or governmental nature, but involved actions akin to those of a private manufacturer, contractor or shipper." He added that a statute like the tort claims act must have been meant to embrace more than traffic accidents. "If not, the ancient and discredited doctrine that 'the king can do no wrong' has been uprooted; it has merely been amended to read the 'king can do only little wrong.'"

request for reconsideration and a loss occurs during that period, it would probably be held that the company had waived its order of cancellation.

Some of these rules are not followed strictly, and in the rare case, when a controversy arises, a court may enforce the rules and a jury hold the agent liable.

"Try to avoid sticking your neck out," Mr. Gennet advised.

The question of binders has given many agents gray hair. Suppose the agent is at home relaxing and is called by a client asking him to bind a particular building, automobile or other property. Besides telling the client he is covered from now on, does the agent make notes on a piece of paper, shove it into his pocket, and return to TV?

Or does he protect himself? Suppose a loss occurs that night. How does the agent convince one of the companies he represents that he bound the insurance with that company at that particular time of night?

Most agents write themselves a note, some of them add the name of the company in which they are going to write the policy, but many do not. If there

Fire Underwriter Series Put Out in Booklet Form

"The Fire Underwriter Today... and Tomorrow," a 16-page booklet of selections from The National Underwriter series on the place of the fire underwriter, will be available soon. This cross section of contemporary executive, field and agency thought makes a valuable reader for anyone in the insurance business.

Orders may be sent to any office of The National Underwriter Company. Minimum order (4 copies), \$2; 10 copies, 35 cents each; 25 copies, 30 cents each; 50 copies, 25 cents each; 100 copies, 20 cents each; 250 copies, 18 cents each; 500 copies, 15 cents each; 1,000 copies, 12½ cents each.

is a loss under such circumstances, there is a mess.

For very slight consideration, Mr. Gennet said, the agent can avoid any question as to such a binder by lifting the receiver and sending himself a telegram. He advised including in it all

(CONTINUED ON PAGE 35)

The First Order

GOOD INSURANCE ACCOUNTS, the aim of every enterprising Agent, usually begin with an all important—First Order. Here is the opportunity you have worked for—to demonstrate your fitness to handle additional insurance the prospect may have or may need.

Discuss the insured's protection requirements before the policy is issued. Be sure the amount of insurance is adequate and that the policy form you select is the best one for the purpose. It will pay well to deliver the first policy personally and make sure its coverage and terms are understood and that it meets the insured's desires.

Stress the value of personal service and encourage the prospect to call upon you if he should have a claim so you can relieve him of unfamiliar detail. Aim to establish for yourself the role of insurance advisor whose expert counsel is available at all times on any insurance problem.

The Special Agents of the seven Fire and two Casualty Companies of the Commercial Union-Ocean Group work closely with agents and brokers to help make the first order a stepping stone to the next one.

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**Meritplan Ins. Co.
Is Talk of Coast**

Lots of interest is being taken in the Meritplan Ins. Co. which is about to get under way on the coast as an offshoot of Victor Montgomery general agency and Pacific Employers. It is going to offer lower auto rates with reduced commission to agents the first year and still lower on renewal with the company handling the renewal procedure but agents retaining ownership of expirations. The report is that even before the doors are opened Meritplan has been offered all the business it can digest. As a possible answer for the agency system to compete with the direct market, it is being closely attended by agents and companies alike.

**Objectionable Auto Bills
Lose Out in California**

Several bills, all aimed at "solving" or modifying the automobile accident problem, introduced in the California legislature are dead, indicating that no new laws will be enacted on compulsory insurance or comparative negligence.

The bills are those providing for automobile compulsory insurance, setting up a compensation type of compulsory law, repeal of the automobile guest law, permitting the joining of an insurance company in a suit, to require that a defendant in a damage suit be required to provide the plaintiff a copy of his P.L. automobile insurance policy, and two comparative negligence measures.

The bill which makes it illegal for an employer to insure against penalty for wilfully employing a minor under 16 years old passed both houses quickly and went to the governor without any appreciable opposition.

Va. Rating Bureau Elects

Chairmen and vice-chairmen of two committees of Virginia Insurance Rating Bureau were elected at the annual meeting at Richmond. They are: Chairman governing committee, R. B. Davis, secretary Northern Assurance, and vice-chairman governing committee, Joseph T. Malone, secretary Travelers. Chairman, executive committee, is Guy R. Friddell, Hartford Fire, and vice-chairman executive committee, Clyde B. Marshall, Phoenix of Hartford.

L. O. Freeman, Jr., and R. P. Bell were reelected manager and assistant manager, respectively, and C. L. Puryear, Jr., was elected rating superintendent.

New Safety Booklet

Assn. of Casualty & Surety Companies has put out a safety booklet entitled "Common Sense Pays Off!" In 12 illustrated pages, a number of safety rules for driving are offered in an entertaining and concise way. The booklet is designed for producers or companies to send to their prospects and insured.

J. C. Carroll Appointed

James C. Carroll has been named field representative in South Carolina for the Carolina general agency of Charleston. He joins the agency from Phoenix of Hartford, where he had been special agent.

Want Extra Tax in Minn.

The Minnesota attorney-general has ruled that companies doing business in Minnesota are liable for payment of the state veterans bonus surtax in addition to the 2% premium tax. Insurers have been exempt from the surtax

since it was originally assessed in 1950, and the state tax department now wants to get its 5% surtax on net incomes of all corporations, including insurers, from that date. The Minnesota domestic companies are worried about retaliatory laws if this is carried out.

**Hold Business Interruption
Seminar at San Antonio**

More than 150 local agents and field men from throughout south Texas attended a one-day business interruption seminar at San Antonio sponsored jointly by San Antonio Insurance Exchange and the Alamo division of Texas Insurance Fieldmen's Assn.

George Henry, state agent for Royal-Liverpool at San Antonio, opened the session with a discussion of business interruption rates, rules and forms. Walter Boston, executive general adjuster for General Adjustment Bureau at Dallas, discussed "Settlement of Losses Under the B. I. Contract".

Joe Vincent, partner in the Franks-Vincent agency at Bryan, vice-president of Texas Assn. of Insurance Agents, told how to sell business interruption. Carlos Coons, president of San Antonio Insurance Exchange, was moderator and conducted a lengthy question-and-answer period.

Other business interruption seminars have been held at Lubbock, Dallas, Austin and Houston.

Raleigh Mutual Men Elect

Victor E. Fisher has been elected president of Raleigh (N. C.) Assn. of Mutual Insurance Agents, succeeding Robert Woodson. David I. Fort is vice-president; Buck Woodson, secretary, and B. Moore Parker, reelected treasurer.

Long Opens Tucson Office

The Chet Long general agency of Phoenix, Ariz., has opened a Tucson office to serve Southern Arizona.

Dean Minn. Meeting Chief

Alex Dean, vice-president of the David agency, Minneapolis, has been appointed general convention chairman for the annual meeting of Minnesota Assn. of Insurance Agents Sept. 17-18 at Minneapolis. Edward J. Bachman of Bachman-Anderson, St. Paul, is program chairman. Karl V. Klein of the W. A. Lang agency, St. Paul, is chairman of the nominating committee.

Weinberg To New Post

Herbert C. Weinberg has joined Agency Corp. of America at Cincinnati as manager of the underwriting department. For many years Mr. Weinberg has been with Frederick Rauh & Co. He served in the navy during the war. He is a graduate of the University of Cincinnati business administration college.

Kan. 1752 Club Has Outing

Kansas 1752 Club held a picnic-outing in place of its semi-annual meeting at Yentrock Lodge, 25 miles north of Wichita, with the families included. Carl Besser, Iowa National, Wichita, was general chairman.

Oct. 5-6 has been set for the annual meeting with Kansas Assn. of Mutual Insurance Agents at Salina. Frank Lockwood, United Adjustment, Salina, is general chairman.

Springfield (Mass.) Board of Fire & Casualty Underwriters marked its 17th anniversary at a banquet. Commissioner Cogswell spoke, and Western Massachusetts Field Club, and Westfield, North Adams, Pittsfield, Greenfield, Northampton and Holyoke boards were guests.

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Royal, L.&L.&G. at New Highs in 1952

New records in premium income of Royal and Liverpool & London & Globe were announced by Chairman Col. A. C. Tod, at the annual general meetings. For Royal, the worldwide premiums exceeded £50,000,000 for the first time in history. In the past four years the increase alone in premium income is roughly equal to the total premiums in 1939. For L.&L.&G., total fire, accident and marine premium income at £28,782,000 shows an increase of more than £2,500,000.

Royal recorded underwriting profits of £2,294,000 and L.&L.&G. £1,231,000. Overall underwriting results were just under 5%, and Col. Tod stated:

"It is our aim continually to improve the quality as well as to increase the volume of our business, but we consider it politic and profitable to be content with a smaller margin of profit on a large premium income, rather than to strive for a high profit from a smaller income from a restricted area. We seek to provide maximum facilities for protection at the lowest possible cost commensurate with safety, our risks being dispersed worldwide and restricted neither as to class of insurance nor country."

Col. Tod referred in both reports to the capable management of the companies' affairs in the United States and expressed his appreciation to Harold Conick, general attorney, and Clarke Smith, U. S. manager, and their associates and staff.

The dividend for Royal was 10/- Od., an increase of 6d. per £ stock; similarly for L.&L.&G. the dividend was raised from 35/- to 37/- per share. In accordance with past practice, current rates of exchange were applied to funds held out of Great Britain except that a rate of approximately \$4.86 to the pound was used in the case of the United States and Canada.

Operating results of Royal and L.&L.&G. are shown below:

	Royal	£
Life: New business (net)		12,010,108
Net premium income		3,356,358
Life and annuity funds		40,770,428
Fire: Net Premiums	20,149,442	Claims 8,824,397
Profit	2,018,327	Fund 14,059,377
Accident: Net premiums	22,286,097	Claims 12,896,726
Profit	301,047	Fund 12,414,439
Marine: Net premiums	3,686,478	Claims 2,938,987
Profit	75,557	Fund 7,166,239
Liverpool & London & Globe		
Life: New business (net)		7,399,018
Net premium income		1,846,390
Life and annuity funds		20,741,872
Fire: Net Premiums	12,139,727	Claims 5,100,531
Profit	1,187,335	Fund 7,855,891
Accident: Net premiums	14,726,971	Claims 8,718,376
Profit	23,320	Fund 7,140,788
Marine: Net premiums	1,915,596	Claims 1,477,618
Profit	45,586	Fund 3,385,633

N.A.U.A. Coast Luncheon

A luncheon for the Pacific Coast regional committee of N.A.U.A. was held last Saturday at San Francisco due to the presence there of staff executives and other leaders in connection with the N.A.I.C. convention. Ellis Carson, president of National Surety, and vice-president of N.A.U.A., was on hand and Sherman Drake, vice-president of National Surety, was a guest. Wm. B. Miller of American is chairman of the coast committee and Harold Sammis, the coast branch secretary, was there with Dick Arnberger and Claude Hubbard, assistant managers.

The staff men from the head office included J. Ross Moore, the manager, Howard Omsberg, assistant manager; Thomas Waller, general counsel, and W. D. Hall, secretary.

Require Full Bail Bond Report

As a result of a recent decision of the California supreme court, Commissioner Maloney has notified surety companies that in their annual reports

they must show the full amount of premiums paid for bail bonds.

The supreme court held that the full amount paid by or in behalf of the principal (the arrestee) is the premium for the undertaking of bail. This decision, the commissioner says, is contrary to the contention of surety companies writing bail bonds that only the portion of the full payment which eventually reaches the surety company itself, as distinguished from its agents and general agents, is the premium.

The department, he said, will also expect that the premium shown on the undertaking of bail will be the full amount charged for.

Two Managers Appointed by Travelers for Fire Lines

Travelers has promoted Robert H. Butler, assistant manager fire and marine at Boston, to manager at Worcester, Mass., and G. O. Waeterling, as-



Robert H. Butler



G. O. Waeterling

sistant manager fire and marine at New York City, to manager at Newark. Mr. Waeterling succeeds the late George B. Lilly.

Mr. Butler joined Travelers in 1937 in the home office indemnity underwriting department and in 1941 joined the eastern department. He was appointed special agent in 1946 and promoted to assistant manager at Boston in 1951.

Mr. Waeterling went with Travelers in 1925 as fire inspector at Brooklyn, was named engineer there in 1929 and later was successively appointed fire engineer, senior engineer and fire survey engineer. In 1946, he was named special agent at New York City and was promoted to assistant manager in 1948. He is a veteran.

New K. C. Society Elects

The June 9 meeting of the new Insurance Society of Kansas City included professional discussions, adoption of by-laws, and a confirmation of the newly elected officers: William J. Montgomery, Bruce Dodson companies, president; Donald C. Brain, W. B. Johnson & Co., vice-president; Ingolf H. E. Otto, director University of Kansas City's insurance program, secretary, and Robert E. Glass, Western Adjustment, treasurer. Messrs. Brain and Glass conducted a lively discussion of the improvements and betterments form. The new automobile manual was dissected by W. D. Neese, assistant secretary Central Surety; Leonard Milstead, liability manager Equity Mutual, and Norwood Markham, district manager Liberty Mutual.

Erwin to Assist Dickey

John Erwin has been appointed assistant to Oklahoma Commissioner Dickey. Mr. Erwin has been with the legal department of the commissioner's office, and while in military service was in charge of claims in Okinawa and the Philippines.

The certificate of Washington Ins. Co. (mutual) which was suspended a year ago because of apparent insolvency, has been reinstated by the Washington department. It will write fire business only.

International Insurance Study First of its Kind

"International Insurance Transactions—Insurance in the Balances-of-Payments" by S. J. Lengyel, published by the faculty of economics, University of Melbourne, and distributed by Wadley & Ginn, 107 Gipsy Hill London, England, is now available. The price is \$8.

According to the introduction by the author, this study deals with international insurance transactions, their magnitude, course, forms, trends and their future, the intention being to throw some light on a subject often misinterpreted, but about which there is actually little reliable information. The study has not been designed as a statistical exercise of purely academic interest. On the contrary, it should be of immediate practical utility in the determination of the economic consequences of international insurance transactions, and particularly in the assessment of their effect upon the external finances of various countries. It is the first attempt made to chart international insurance movements,

and to determine their influence upon balances-of-payments.

In this well annotated work, in addition to South, Central and Latin American countries, the United Kingdom and Europe, detailed statistics are given on Australia, Canada, Ceylon, Cuba, Denmark, Egypt, Finland, Greece, India, Iran, Iraq, Japan, Mexico, Netherlands, New Zealand, Norway, Pakistan, Philippines, Portugal, Southern Rhodesia, Sweden, Thailand, Turkey, Union of South Africa, and the United States.

The number of foreign and domestic companies are given for each country, as well as various types of insurance and premium income.

Zibble at Fort Atkinson

Howard J. Zibble, state agent of Agricultural at Milwaukee, spoke to Jefferson County Insurance Agents Assn. at Fort Atkinson, Wis., on the need of simplification and annual servicing of insurance programs for school boards.

Admiral Fire, the new insurer organized recently at Houston, Tex., has been licensed in Oklahoma.

A New Venture in the New World

One day in July 1804 at Falmouth Harbor, England, the "Princess Mary," captained by John Kemp, weighed anchor and set her sails toward the Western Continent. In her hold was a sturdy chest containing 2,000 quills, six reams of post paper, six dozen black lead pencils, a quantity of red and black ink powder, an alphabet, 1,000 hand-somely printed policy forms, 2,000 prospectuses, a receipt book and a cash book, and an insurance company seal. This cargo was consigned to Theophylact and Andrew Bache of New York City, first American agents appointed by the Phoenix Assurance Company, parent firm of the Phoenix-London Group. The delivery of that iron-bound box to a spot in New York City not far from the present location of the Metropolitan Department of the Phoenix-London Group marks the entrance into American commercial life of the first British insurance company, offering, then as now, the safeguards of sound protection so vital to the economic, scientific, social, and cultural progress of America.



Phoenix-London

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UNITED FIREMEN'S INSURANCE CO.
THE UNION MARINE & GENERAL INSURANCE CO., Ltd.
LONDON GUARANTEE & ACCIDENT CO., Ltd.
PHOENIX INDEMNITY COMPANY

Casualty Premiums Pass \$7 Billion in 1952

(CONTINUED FROM PAGE 2)
written by stock and mutual companies and reciprocal and inter-insurance exchanges and Lloyds organizations. The compilers have devised a system of exhibiting the information of multiple line writing companies in this Chart and its companion, the Argus Fire Chart, that makes it possible to give extensive reference information on these companies without sacrificing the advantages of having convenient, low cost publications. Their system is to include in full in the Argus Casualty & Surety Chart all companies that are predominantly casualty plus a brief showing of information on companies that are predominantly fire companies but writing some casualty business, with a cross reference to the Argus Fire Chart for complete information. In the Argus Fire Chart the

procedure is reversed to give the user complete information on predominantly fire companies with the condensed showing on casualty companies that are then referred to the Casualty Chart for full information. This system allows the user of either Argus Chart to refer to practically all multiple line companies, although both editions are needed for full information on the 1,709 companies shown in the two publications as operating in the United States.

The 1953 Argus Casualty & Surety Chart in addition to the comprehensive reports on individual companies, including a complete accident and health section, also includes many special compilations showing underwriting and investment results, group A. & H. results, and other items of use in judging the activity and development of a company in the business. The Argus Chart, like its companion in the fire insur-

ance field, sells for \$2 per copy and considerably less in quantities. Copies may be ordered from the Reference Book Department of the National Underwriter Co., 420 East Fourth street, Cincinnati 2, O.

Confer on Export Cover

Export-Import Bank is seeking information and advice from marine underwriters regarding organization and operation of the new form of export insurance the bank is authorized to provide under recent legislation.

Walter Sauer, bank vice-president, said the new insurance program of which he has charge will follow closely marine insurance and its policies and possibly will use marine underwriters for issuing export policies under the program.

The Moore-Rutledge Adjustment Co. has moved to 3305 Montrose boulevard at Houston.

Heart of America Blue Goose Elects Hingst MLG

Kenneth L. Hingst, American, was elected most loyal gander of Heart of America Blue Goose at the annual meeting. Nelson Hake, Underwriters Adjusting, is supervisor; Henry Teicher, Phoenix of Hartford, custodian; Louis Lange, Jr., R. B. Jones & Sons, guardian; Ray Snodgrass, Crum & Forster, keeper and O. J. Cope, Western Adjustment, welder.

Mr. Hingst is one of the delegates elected to the ganders convention in August.

Mielke to Phoenix-London

Phoenix-London has appointed Robert G. Mielke state agent for Wisconsin, with headquarters at Milwaukee. He has been Wisconsin special agent of National Fire.

Boston Appoints Thornton

Boston has appointed Roger S. Thornton special agent at Rochester, in charge of production for the casualty and surety division.

Dore Assistant Manager

Illinois Appleton & Cox, Inc., has appointed James F. Dore assistant manager. He has been chief underwriter of Illinois Appleton & Cox for four years.

BRIEFS

The office staff of the George M. Stevens & Son Co., Lancaster, N. H., gave a party for Charles L. Hurley, who is completing his 68th year in insurance with the agency.

Detroit Assn. of Insurance Agents at the June 16 meeting will hear a talk by W. J. Weber, assistant football coach at the University of Michigan. This will be the last regular meeting until September.

W. S. Macy, resident manager of New Amsterdam Casualty, has been elected secretary of Casualty Insurance Assn. of Southern California to succeed Raymond Needham, resigned.

TOTALS—CLASSIFICATION OF 1952 BUSINESS

CLASSIFICATION	578 STOCK COMPANIES (Including A. & H. Depts. of Legal Reserve Life Companies)			231 MUTUAL COMPANIES (Excluding Hospital & Medical- Surgical Companies)			46 RECIPROCAL & LLOYDS		
	Premiums Earned	Losses & Exp. Incurred	%	Premiums Earned	Losses & Exp. Incurred	%	Premiums Earned	Losses & Exp. Incurred	%
Accident	108,941,403	42,296,418	38.9	17,655,749	10,739,295	60.8	660,869	216,549	32.8
A. & H., Ind. Life & Hospitalization (not separate) ..	489,174,323	224,233,017	45.8	150,174,352	89,214,655	59.4	1,011,296	480,055	47.5
Group A. & H.	970,798,452	810,975,503	83.5	54,475,507	45,727,776	83.9	34,306	30,451	88.8
Non-Can. A. & H.	61,924,106	31,245,710	50.5	1,280,443	897,867	70.1	86,574	64,466	74.5
TOTAL ACCIDENT & HEALTH	1,630,837,984	1,168,820,648	68.0	222,586,051	146,579,593	65.6	1,793,045	791,521	44.1
Auto Physical Damage	479,574,730	266,620,426	55.6	241,337,611	134,763,579	55.8	90,380,856	45,819,559	50.7
Auto Liability	570,890,381	608,166,438	69.3	313,400,395	211,640,229	67.5	69,424,611	41,446,620	59.7
Auto Property Damage	434,015,336	301,055,879	69.4	162,465,682	121,132,987	74.6	40,139,428	25,802,722	64.3
Other Auto	2,447,637	850,798	34.8	2,406,114	1,023,569	42.5	278,423	100,973	36.3
TOTAL AUTOMOBILE	1,786,928,074	1,176,693,541	65.9	719,629,802	468,580,361	65.1	199,223,318	113,169,874	56.8
Boiler & Machinery	36,690,911	8,486,601	23.1	13,107,251	2,888,799	22.0	373,955	152,238	40.7
Burglary	84,809,216	36,591,934	43.1	5,405,443	2,506,660	46.4	575,014	296,635	51.6
Credit	7,221,390	804,509	12.4	.....	10,085	.....	.....	.....	.....
Fidelity	62,131,065	27,592,743	44.4	3,068,231	1,594,803	52.0	689,946	378,802	54.9
Glass	30,652,685	13,497,779	44.0	3,373,711	1,402,684	41.2	12,468	5,796	46.5
Liability (not Auto)	254,003,767	164,193,843	64.6	59,244,788	41,060,077	68.3	6,507,598	3,283,132	50.5
Live Stock	1,458,529	797,682	54.7	45,011	30,934	68.7	1,369,524	599,798	43.8
Property Damage & Collision (not Auto)	62,554,057	30,016,661	48.0	16,304,269	9,172,639	56.3	694,748	295,441	42.5
Surety	130,438,852	33,821,925	28.1	1,243,390	518,168	41.7	70,359	3,638	5.2
Workmen's Compensation	559,081,523	405,114,754	72.5	351,669,134	238,080,688	67.7	27,770,740	17,170,977	61.8
Miscellaneous	4,953,706	2,186,034	44.1	96,223	215,000	224.4	31,404	227,361	724.0
GRAND TOTAL	4,641,851,668	3,008,708,601	64.8	1,896,773,304	912,766,514	65.3	239,112,119	136,375,213	57.0

TOTALS

Including ALL COMPANIES whose figures are shown in the Argus Casualty Chart, EXCEPT those companies for which reference is made to the Argus Fire Chart. REINSURANCE Companies include only the stock companies doing an exclusively reinsurance business. For LIFE Companies and FRATERNAL Societies, Financial Report and Increase in Surplus include Life Departments; Operating Report and Gain from Underwriting are A. & H. only.

FINANCIAL REPORT													OPERATING REPORT					NET RESULTS		
	Number of Co's.	Year	Assets	Liabilities	Surplus to Policyholders	Net Premiums Written	Premiums Earned	Losses & Loss Exp. Incurred	Underwriting Exp. Incurred	Ratio to Premiums: Losses to Earn. Exp. to Writ.	Combined Loss & Exp.	Net Gain from Underwriting	Increase in Surplus							
All Companies	950	1952	63,488,924,506	57,496,227,335	5,992,697,171	7,130,019,889	6,855,044,360	4,683,877,911	1,928,790,347	68.3	27.1	95.4	242,376,111	406,163,302						
	950	1951	59,454,095,933	53,557,657,502	5,896,438,431	6,207,782,184	6,021,138,285	4,282,457,000	1,827,053,606	71.1	29.1	100.5	-88,372,321	1,151,239,195						
Stock Companies	250	1952	9,320,904,323	7,490,705,047	1,830,199,476	3,327,352,701	3,154,407,688	2,032,094,261	1,094,077,178	64.4	32.9	97.3	28,236,249	124,977,081						
(Excluding A. & H. and Life)	251	1951	8,451,289,298	6,747,979,091	1,703,310,207	2,804,866,439	2,610,017,468	1,842,138,695	970,632,341	70.7	31.6	105.3	-206,773,558	57,696,400						
Reinsurance Companies	7	1952	238,695,850	186,363,220	72,242,630	85,612,865	82,050,282	40,876,246	33,873,512	60.8	39.6	100.4	-1,699,476	6,675,574						
(Included in Stock Companies)	5	1951	227,819,335	165,170,337	62,648,998	74,734,632	72,231,492	55,717,428	29,908,413	77.1	40.0	117.1	-13,390,979	-1,741,236						
Foreign Companies	11	1952	367,775,254	261,905,833	105,869,401	209,924,137	199,465,840	127,486,363	73,694,599	63.9	35.1	99.0	-1,625,122	6,881,753						
(Included in Stock Companies)	11	1951	339,374,193	237,719,371	101,663,822	181,186,461	173,693,000	116,487,806	65,919,470	67.1	36.4	102.5	-8,714,276	1,537,135						
Stock A. & H. Companies	235	1952	51,250,685,939	47,973,469,444	3,277,216,496	1,223,417,729	1,193,399,678	807,570,706	343,232,472	67.7	28.1	95.8	42,596,500	187,474,406						
(Including A. & H. Depts. of Life Companies)	236	1951	47,907,645,429	44,664,474,025	3,243,091,404	1,021,379,457	997,714,366	667,206,152	279,586,877	66.9	27.4	94.3	50,921,337	1,068,575,411						
Mutual Companies	149	1952	1,722,300,933	1,316,194,320	406,606,633	1,237,336,846	1,184,007,627	803,397,751	281,161,110	67.9	22.7	90.6	99,448,766	30,023,809						
(Excluding A. & H. Companies)	151	1951	1,505,341,991	1,122,161,828	383,180,163	969,266,716	1,908,628,792	687,753,775	286,817,456	68.2	29.9	93.1	33,957,561	22,945,291						
Mutual A. & H. Companies	66	1952	229,490,135	142,703,487	86,786,648	157,299,556	152,514,663	95,869,624	56,546,640	61.6	37.1	98.7	98,399	1,883,991						
	61	1951	158,881,768	90,854,473	67,997,295	141,030,114	139,821,828	83,498,119	47,893,884	50.7	34.0	93.7	8,429,825	-104,624						
Fraternal Societies	10	1952	191,320,698	160,131,238	31,189,460	15,101,060	.....	7,462,649	7,316,107	140.4	48.6	98.0	.....	2,090,376				
	13	1951	185,496,974	155,412,229	30,084,745	14,930,339	.....	7,309,251	6,062,541	149.9	40.6	90.5	.....	6,185,689				
Hospital & Med.-Surg. Companies	185	1952	457,023,163	216,500,012	240,523,151	946,134,748	946,055,122	817,616,531	84,020,896	86.4	8.9	95.3	44,417,695	49,806,660						
	181	1951	389,659,578	178,943,036	190,716,543	784,715,541	785,478,089	678,544,290	73,931,691	86.4	9.5	95.9	33,002,108	-7,522,435						
Reciprocal & Lloyds	46	1952	316,699,104	209,850,830	106,838,254	260,524,841	243,584,631	152,294,037	70,671,651	62.5	27.1	89.6	20,618,743	9,807,013						
	54	1951	297,764,367	194,018,113	103,746,254	228,472,462	218,992,304	139,801,494	66,280,933	63.8	29.0	92.8	12,909,877	3,969,538						

†) Ratio of Losses and Loss Expenses Incurred to Net Premiums Written.

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Blum Tells Brokers Adjusting Refinements

The stupid or willfully wrong adjuster can make a bad situation worse or he can make a good one bad, George M. Blum of the Chicago independent adjusting firm of Geo. M. Blum & Associates, told a meeting of brokers there.

"But even the best work or the best adjuster produces a cloudy result when the assured lacks respect and confidence in his insurance man," he added. "The experienced adjuster can sense in the first few minutes work with the assured the respect held for the broker. When I am received with obvious respect and all courtesy, I know the assured respects the insurance profession as a result of his experience with his broker. When I am received with sly and foxy disrespect, the cause is usually—not always—a reflection of the esteem held for the agent."

While the adjuster must know considerable details of one or two lines of insurance, the agent or broker must be conversant with the details of all lines—and the costs—and above all, must be able to state the facts in simple language, he said. In insurance matters, brokers go out and campaign among customers for a confidence vote and sometimes, like a man seeking office, his is a tendency to over-promise. If no loss occurs, the over-promises cause no trouble. When there is trouble, then the next renewal date brings a switch of vote to a competitor.

In discussing the limits of a policy, Mr. Blum named several examples, stressing the fact that the insured loss cannot be greater than the interest of the insured, nor the cost to replace, nor the extent of cash value of the property. "Yet I have heard, time after time, an agent tell an insured that the policy would replace a damaged item or repair it, so that the assured carried away the impression that the policy was a replacement contract instead of an indemnity contract. Should we be surprised when an assured explodes upon learning for the first time about depreciation, or actual cash value, or the limit of his interests—after a loss occurs?" He added, however, that he was not advocating hammering home to the client all the negative points of the contract at the time of a sale, but that the facts must be stated squarely very early—certainly before there is a chance for a loss, or at the time of sale if the prospect asks directly concerning any limitations.

Mr. Blum advised when the assured reports a loss to be super-careful of words and manner. "After the conventional first conversation has passed, take charge! Ask if this is the first loss ever experienced. If he has had a past experience, delve into it so that you can know something of his frame of mind. If you have competition, ask what the other fellow said, so you can give better advice. . . . Touch lightly, or heavily, depending on the assured and seriousness of the loss, on the requirements set forth by the policy. Use the pronoun 'we' rather than 'you.' 'We' must take up an inventory—we must price and value the item—we must learn the specifications of the work to be done, the cost to do it, etc. In short, make it plain that the assured, as well as the company, has certain obligations, that you just know there will be no trouble and, above all that the adjuster will help, if met and dealt with in the right way."

Particularly point out that the ad-

juster will, and must, ask many questions, but that the questions do not imply that he (the assured) is a crook, Mr. Blum stressed. It is odd but true to an amazingly high degree that the average man with his first claim is so ready to think that the adjuster views all claimants as crooked. Remind the assured again that the policy is not a replacement contract, but an indemnifying contract—it will make whole with money, but not give new for old or include ordinary maintenance, repairs, nor excessive claims.

"After your discussion with the assured, have a visit with the adjuster if you wish. Give him a little past history of the assured, his temperament, a review of your advice to the assured, etc. Ask for, and offer to give help to the adjuster. Don't fight with him openly and don't coach the assured secretly—it will always back-fire on you. . . . There seems to be a shortage of open friendliness by some agents when dealing with the adjuster. Now you know three things—the adjuster is only human; second, you have to live with him; third, you want the assured's vote come next renewal date."

Mr. Blum concluded with a note on public adjusters: "You all have heard of public adjusters—or ambulance chasers. More properly, they would be 'fire engine chasers' in our game. Literally, we adjusters would not resent an honorable, willing-to-work man being hired, because when that is done and that man does his work properly, the assured would present to us a sound establishment of facts. Our complaint against public adjusters grows out of the fact that they invariably attempt to sell their services to a policyholder on the basis of how much extra they can collect or how the company adjuster will gyp the policyholder, and then they all too frequently do not go into detailed facts, but generalize."

Lloyds Reinsurance Big Topic at NAIC Meeting

(CONTINUED FROM PAGE 1)

state with a copy of the certificate which he furnishes each year to the British Board of Trade, with a copy of a certificate with regard to underwriting members at Lloyds similar to that furnished in Illinois; provided better cooperation be given by Lloyds brokers in expediting delivery of policies to U. S. customers; that each broker's cover note shows the proportion of the risk placed with Lloyds and that placed with English companies, and confirmation of the amount of funds on deposit in the American trust fund.

Mr. Mendes told how Lloyds would undertake to comply with these provisions.

Mr. Everitt was questioned closely and he spoke of what he called the chain of security behind the Lloyds policy. These he noted as being the premium that is received, the reserves that are set up, the unlimited liability of the underwriter, the Lloyds deposit and finally the Lloyds central fund. The last named is 27 years old and has been called upon for only an infinitesimal sum, he said.

Bernard Stone, former Nebraska insurance director, who was prominent in the committee dealing with the problem when he was in office, said that if his group had at that time had the material which was contained in the Bruce report it would have recommended continued exemption to Lloyds reinsurance.

Gus Pryatel of Ohio asked how the American trust fund is invested and Mr. Everitt replied it is 55% invested

in government bonds and 45% cash.

It was then that Mr. Jensen said N.A.I.C. would welcome British examiners coming over here to look at any U. S. company and why shouldn't N.A.I.C. be invited to send examiners to give London Lloyds the double O.

John Diemand, Jr., of North America, said the question is not how well-heeled Lloyds is but whether it is an admitted insurer. Do they make qualifying deposits? Do they file statements on the form required by the states and do they pay U. S. income taxes? If so they are admitted. How are their premium reserves computed, on a gross or net basis? It would be wonderful for any company to be able to show assets without reference to liabilities. It would be fine to be able to drift off to Bermuda and come back to the U. S. as a non-admitted company and enjoy benefits denied to admitted insurers.

Cheek of North Carolina said it becomes a question whether the insurance commissioners are to supervise the funds or leave it up to somebody in England.

James Crafts, president of Fireman's

Fund, said he was speaking as one adversely affected by the Maloney ruling. It is important to be reasonably tolerant of operations of another country. If not, a reverse situation might be encountered in the future. As for instance when U. S. insurers desire to operate abroad and are faced by tight domestic requirements. He said, of course, American reinsurers are entitled to a reasonable degree of parity and he indicated that is a problem for the commissioners to continue to explore.

Mr. Cheek said he would prefer to leave the ruling as is and err, if at all, in favor of the fellow closest home. He said that reinsurance ought to be fostered in this country.

C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents, said the public interest is uppermost and that requires Lloyds reinsurance to be facilitated. In Massachusetts, he said, it was found wise to pass a law to enable Lloyds to operate. He praised the Bruce report.

Seattle Blanket Club will hold its annual golf tourney June 25 at Rainier Golf Club.



Benevolent, enraged, wise, confused and often misunderstood—man of many moods, symbol of a mighty nation—on March 13, 1852, our country's Uncle Sam was born. That day the now famous Uncle Sam was born in a comic weekly, the New York Lantern, created by Frank Bellow in his editorial cartoon, "Raising the Wind."

The original, living Uncle Sam was Samuel Wilson, official inspector at Troy, N. Y., of provisions purchased for U. S. troops in the War of 1812. Inspected shipments were branded "U.S." by Wilson whose nickname became Uncle Sam. Recollection of this and the coincidence of initials in United States and Uncle Sam accounted for this symbolic national trade-mark.

One-hundred years ago, in 1853, just a year after Uncle Sam was born, the St. Paul Fire and Marine Insurance Company was granted its original charter. Today, the Saint Paul Companies continue to pioneer new forms of insurance coverages so that you may give your insureds the most complete protection possible.



Members, American Foreign Insurance Association, offering world-wide insurance facilities.

EASTERN DEPT.	PACIFIC DEPT.
90 John Street	Mills Building
New York 38, N. Y.	San Francisco 6

HOME OFFICE
111 W. Fifth St.
St. Paul 2, Minn.

FIELD

St. Paul F. & M. Makes Important Field Shifts

N. C. Lane, St. Paul Fire & Marine Michigan manager at Detroit, has been transferred to Winnipeg to assist P. A. Codere, resident vice-president for Canadian operations. Succeeding Mr. Lane at Detroit is E. C. Dice, state agent for Alabama. W. J. S. Rushing, Alabama special agent, replaces Mr. Dice.

Mr. Lane joined St. Paul in 1935 as special agent in Wisconsin and became manager there in 1943, going to Detroit in the same capacity in 1952. Mr. Dice went with the company in 1937 as a field man in Oklahoma and New Mexico and was named Alabama state agent in 1950. Mr. Rushing was appointed special agent in Mississippi by St. Paul in 1943 and in 1951 became Alabama special agent.

The company is planning a two-story office building in Winnipeg to handle its entire Canadian agency business. Construction probably will start this summer at a total cost of \$500,000.

National Union Has Rally

The National Union companies held a roundup of about 100 field men from over the country at Pittsburgh. President W. A. Rattelman gave opening and closing talks. Ralph Newman, Paul Simmerman, Robert F. Miller, William MacLean and Brady Goldsmith, vice-presidents, and Paul K. Mullen, secretary, spoke.

L. J. Rareshide of New Orleans, C. C. Woodcock of Nashville and Edward Wright of Dallas, retired state agents,

were presented wrist watches at a banquet in their honor.

G. W. Smith Elected Head of Georgia Blue Goose

George W. Smith, Pacific National, was elected most loyal gander of Georgia Blue Goose at the annual meeting, attended by 150. He succeeds Charles B. Adler, America Fore.

Charles A. Simons, Phoenix-Connecticut, was elected supervisor; Eugene C. Clerke, Jr., New Hampshire, custodian; R. M. McFarland, Jr., S.E.-U.A., keeper, and Bockover Toy, Scottish Union, was reelected welder.

Life membership and a clock were presented on behalf of the Louisiana pond to O. Mary, recently retired state agent in Louisiana, Mississippi and Alabama for Northern of London, who is now making his home at Atlanta.

Nineteen goslings were initiated and six members received by flight. L. Gatewood, S.E.U.A.; Lewis H. Swann, Fireman's Fund and Cleveland R. Willcox, were presented 25-year pins. Messrs. Smith and Toy were elected delegates to the grand nest.

Johnson in La. Field

Norbert W. Johnson has been appointed special agent of Aetna Fire in a new field office at Shreveport, La. He will be associated with State Agent A. J. Bolles and Marine Superintendent M. A. Gressett, who will continue their headquarters at New Orleans. He will supervise business in northern Louisiana.

He is a graduate of Aetna's multiple line training school and has had training in various departments of the home office. He was formerly with General Adjustment Bureau.

Cameron and Siddall Head Missouri Field Groups

James Cameron, Hanover, St. Louis, was elected president of Missouri Fire Underwriters Assn. at its annual meeting at Rockaway Beach, Mo., succeeding Alex B. Young, Hartford, Kansas City. Ray Snodgrass, Crum & Forster, Kansas City, was named vice-president and Leo Gribble, Royal-Liverpool, Kansas City, was reelected secretary.

Missouri Fire Prevention Assn. elected James S. Siddall, Security, Kansas City, president to succeed Douglas Brooks, Home, St. Louis. Richard R. Taylor, America Fore, St. Louis, was named vice-president and W. H. Klosterman, Loyalty group, St. Louis, secretary.

More than 100 field men attended the meetings and 35 wives of field men also were in attendance, setting a new mark.

R. E. Vernor, Western Actuarial Bureau, Chicago, spoke on the importance of the fire prevention programs sponsored by the state group, including town inspections, which he said have proved very valuable in the field of public relations.

The fire prevention association will hold eight or nine town inspections in 1953 and early in 1954. The next will be at Lebanon Sept. 23. The Missouri Caravan will again be featured, hitting the road early in April and filling engagements in six towns in eastern Missouri and six in the western half.

There was an extended sports program during the meeting.

Mayflower Field Changes

Mayflower of Columbus has appointed Joseph D. Taxten and William G. Lennon special agents for central Ohio with headquarters at Columbus.

A service office has been opened at Indianapolis to handle Indiana business. C. O. Buckley is state agent for eastern Indianapolis and Richard D. Zimmerman is state agent for the western section. Mr. Zimmerman has just returned from military service.

Larimer Joins Buffalo

Buffalo has appointed William J. Larimer of Pittsburgh special agent for western Pennsylvania.

Mr. Larimer spent several years with Underwriters Assn. of the Middle Department at Pittsburgh. Later on he was in the field for St. Paul Fire & Marine in western Pennsylvania. He served in Korea for two years. He is a son of the late John A. Larimer, who for many years was a field man for Commercial Union in western Pennsylvania.

Zopfi to North British

North British Group has appointed Robert M. Zopfi special agent at Birmingham. Mr. Zopfi was with Alabama Inspection and Rating Bureau for several years.

Curry Cal. Special Agent

Northern Assurance has appointed George A. Curry special agent in the Sacramento Valley and north coast, with headquarters at Sacramento. Mr. Curry will work with Clifford R. Tufts, special agent and engineer for northern California.

New Lansing Field Office

Aetna Fire has opened a new field office at Lansing, Mich., under the supervision of State Agent George K. Simpson, who has been servicing the territory out of the Detroit office. George F. Stacey has been appointed a special agent to assist Mr. Simpson and

Special Agent Richard E. Trebing, formerly associated with Mr. Simpson, has been transferred to the Wayne county field.

Indianapolis Schools Near 100% on Safety Compliance

Of the 656 recommendations for improvement in fire safety made by Indiana Fire Prevention Assn. in an inspection last fall of 118 school buildings in Indianapolis, only 36 remain to be completed. By the end of summer, it is anticipated the schools will have complied nearly 100% with the field men's recommendations.

More than 100 members of the fire prevention group took part in the inspection, and the school board and Indianapolis Insurance Exchange co-operated in carrying out the safety measures suggested. Robert G. Hubbell, Northern of London, the association president, was in charge.

McGill Joins American

American has appointed Steve W. McGill, Jr., special agent for southern Alabama and northwest Florida, with headquarters at Mobile.

He is a graduate of Vanderbilt University, an army veteran and has had experience in Tennessee, Mississippi and Alabama, most recently as Loyalty group state agent for Alabama and Mississippi.

Abbott Goes with Aetna

Jack M. Abbott has been named special agent for Aetna Fire at Cincinnati to work with Special Agent John E. Young. Mr. Abbott, a veteran, entered the business with Ohio Inspection Bureau at Cincinnati.

Martin V. Easterday has resigned as special agent at Seattle for National Union to become manager of the insurance department of Sherwood & Roberts, Yakima. He was with Washington Surveying & Rating Bureau before joining National Union in 1951.

*Does your client
know when he is
Under-Insured?
Over-Insured?*

● Insurance coverage based on Continuous American Appraisal Service prevents hazardous under-insurance and costly over-insurance. Such service expedites equitable loss adjustments as well. In the interest of your client, insist on appraisals by

The AMERICAN APPRAISAL Company



Over Fifty Years of Service
OFFICES IN PRINCIPAL CITIES

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RECOGNIZED AUTHORITIES ON
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SINCE 1910

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Program Set for Illinois Field Rally June 16-18

Illinois field organizations will gather June 16-18 at Nippersink Manor resort, Genoa City, Wis.

On the first day there will be an executive committee meeting of Illinois Fire Underwriters Assn. and the annual meeting of Illinois Blue Goose. Following the business meeting and election of I.F.U.A. Wednesday, there will be a talk by John H. Moss, regional manager of National Assn. of Manufacturers.

The final day's program includes sessions of I.F.U.A., Illinois Fire Prevention Assn. and Illinois public relations committee. The principal speaker is C. H. Metzner, assistant manager of Western Underwriters Assn.

Wright to Manning & Sons

Edward Wright of Dallas, a 40-year insurance veteran, has joined T. A. Manning & Sons in a supervisory and production post. He retired recently after more than 20 years as state agent of National Union and before that was in the field for Aetna Fire for 18 years. He was at one time vice-president and manager of Industrial Ins. Co. of Dallas.

Austin Puddle Elects

The Austin (Tex.) puddle of Alamo Blue Goose has elected H. Carter Chapman, Trinity Universal, big toad; Tom Staton, General Adjustment Bureau, croaker; Wilbur Chapman, American General, polliwog, and Don Reinhackel, H. G. Reinhackel & Son general agency, bouncer.

Plans for an outing with the wives of members as guests were discussed.

Shannon Is S. D. President

South Dakota Fire Underwriters Assn., meeting at Huron, elected Paul F. Shannon, National Fire, as the new president. G. C. Tiazza, North British, is vice-president, and G. W. Schumacher, Fireman's Fund, was reelected secretary. Walter G. Dithmer, assistant manager of Western Underwriters Assn., was the main speaker.

Brig. Gen. Ewart S. Laue, who recently retired from the marines to rejoin Travelers at Seattle, told the Seattle Blue Goose about the navy's courts of justice and showed a navy film on military court procedure.

Royal-Liverpool's regional office at Kansas City has moved to new and larger quarters at 1016 Central street, next door to the central fire station.

Fresno-San Joaquin Blue Goose held its annual ceremonial and barbecue May 29-30 at the University-Sequoia Sunnyside Club.

Sehnert F. & M. Manager

Marvin Sehnert has been appointed fire and marine manager at St. Louis for American-Associated. He had been with Corroon & Reynolds and Pacific National. Mr. Sehnert's appointment marks the company's entry into the general fire business.

Kill Okla. Qualification Bill

An agents' qualification bill was killed by the Oklahoma house when opponents charged it was an attempt to stop automobile dealers from selling insurance. It had passed the senate.

New G.A.B. Nev. Office

General Adjustment Bureau has opened a new office for northeastern Nevada at Elko, 421 Railroad avenue. Leo J. Weir heads this office as adjuster-in-charge. He has served as a

member of the bureau staff since 1940 in Butte, Mont., and Vallejo, Cal., offices and for the past four years has been on the staff of the Reno office.

ACCIDENT

Milwaukee A. & H. Men Elect: State Assn. Annual Set

MILWAUKEE—At the annual meeting of A. & H. Underwriters of Milwaukee, Dale B. Potts, Occidental Life of California, was elected president to succeed Robert G. Morris, Loyal Protective. Others named were Thomas C. Malone, Time, and Albion O. Behrens, vice-presidents; Richard E. Mueller, Provident L. & A., treasurer, and Leo E. Packard, Packard-Carson agency reelected secretary for a 17th term.

New directors are Gordon Fields of Marsh & McLennan, Wis.; Hugh M. Holmes, Lincoln National; S. L. Horman, Time; George A. Knutsen, Mutual Life; M. G. Olson, Continental Casualty; Sydney Yaudes, Catholic Knights of Wisconsin, and Edward C. Betehia, North American L. & C. Delegate to the International convention in Chicago late this month will be Eugene C. Ebersol, North American L. & C. It is planned to organize a representative delegation to attend the international, inasmuch as Thomas E. Calahan, Time, of Milwaukee, vice-president, is in line for election as president.

The June meeting was dedicated to "past presidents' night," with A. K. Perego, Paul Revere Life and Massachusetts Protective, in charge of the special feature. After the business session, a smoker and good fellowship period followed.

Alex H. Siegner, Business Men's Assurance, Milwaukee, state association president, announced plans for the annual meeting and election of the Wisconsin state group Aug. 11 at the Nakoma Country Club at Madison. Golf and other sports will be played during the afternoon with the business session following a dinner at the clubhouse. C. B. Stumpf, Madison, Illinois Mutual Casualty, is in charge of local arrangements and reservations.

A group of Milwaukeeans plan to attend the June 22 meeting of the Racine-Kenosha Assn. at Racine, following an invitation extended by Alex S. Dorman, Continental Casualty, Racine, vice-president.

Get Compromise Increase on Cleveland Blue Cross

Cleveland Hospital Service Assn. (Blue Cross) has reduced its request for rate increase from 33.4% to 20.7% and has received union approval of the latter as well as an O.K. from Superintendent Robinson.

Under the new rates, all subscribers will have to take 120 days' full coverage, although 70-day full coverage will be available shortly with a new rate structure. The new monthly group rate for semi-private family care, for 120 days, will be \$6, an increase of 80¢. Blue Cross originally wanted \$6.60 for this.

Philadelphia Assn. Elects

William M. Aiken, Jr., North America, has been elected president of A. & H. Assn. of Philadelphia to succeed Frederick W. Van Urk, Mutual Benefit H. & A. Other officers are: 1st vice-president, Clarence H. Carr, American

National; 2d vice-president, Donald Cook, Horace R. Coe & Co.; treasurer, G. Stanley Hammond, Paul Revere Life; recording secretary, George L. De Lorme, General Accident; corresponding secretary, Edward B. Joseph, Jr., Home Mutual Casualty.

Name Albright in Ohio

Dorrance Albright has been appointed by Illinois Mutual Casualty as field supervisor in Ohio with headquarters at Columbus. Mr. Albright has been with the McFall agency of Watseka, Ill., for several years.

R. O. Meinzer of Logansport, who formerly was field supervisor for Indiana and Ohio, will now confine his efforts to Indiana only.

Observe 10th Anniversary

San Antonio Assn. of A. & H. Underwriters will mark its 10th anniversary at its meeting this month. Speaker will be Emerson Davis, Inter-Ocean, Dallas, who helped form the association. At the last meeting an enrollment of 85 members was reported and a goal of 100 was set for June. W. D. Bacon, Crown Life, president of the Texas association, and Harry Krusz, vice-president and manager of San Antonio Chamber of Commerce, spoke.

Maloney Cites a Third Insurer on Advertising

Commissioner Maloney of California has instituted a "false and misleading advertising" charge against National Travelers of Des Moines. This is an action similar to those taken against United of Chicago and World of Omaha. The World case has already been heard by a hearing officer, but no decision has been given. In the United case, the company has a restraining order against the commissioner, preventing him from interfering with its operations in respect to advertising.

Mr. Maloney has also alleged that National Travelers "knowingly and falsely" represented to him that applicants for agents' licenses were enrolled in a training course as required by California law. He says that "many such" applicants were not enrolled where the application was made and in some cases they never enrolled.

Townsend G. Motherall, local agent at Mt. Vernon, O., has taken his son, Henry G. Motherall, into the business.



TRAFFIC MERRY-GO-ROUND

Speak out for better licensing of drivers, inspection of vehicles, uniformity of regulation, enforcement of traffic laws.

Speak out.

THE YORKSHIRE
INSURANCE CO. LTD.

SEABOARD
FIRE & MARINE INSURANCE
COMPANY OF NEW YORK

THE YORKSHIRE
INDEMNITY CO. OF NEW YORK

90 JOHN STREET
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WANT ADS

Rates—\$15 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

8 MEN FOR NEW BRANCH OFFICE COMBINED SALES AND ADJUSTING

Telephone work and repeat business from territory are credited to sales.

89 men in this area earned over \$6,000 in 1952.

These men are doing better in 1953; most of them started without previous experience. The 8 new men who qualify will start with good level guaranteed income. Our experienced men will work with each man for at least 30 days. These positions are with a multi-million dollar multiple-line insurance company built on the foundation that our men must earn good money. Prompt interview granted. Write at once. Address:

Box T-1, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

CHIEF UNDERWRITER— AUTOMOBILE

Do you have the experience and ability required to assume responsibility for full underwriting supervision of our \$6,000,000 Automobile Department?

This position offers an exceptional opportunity to the man who can qualify. He must be thoroughly experienced; with supervisory background; and must possess personal leadership qualities of enthusiasm, initiative, and sincerity.

We are a nationally known AAAA Capital Stock Agency Company with an outstandingly successful record and unlimited potential. Midwest location. Address S-74, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

GOOD OPPORTUNITY

Large Midwest Insurance Company is looking for an experienced fire prevention engineer. Some field work to begin with, with plan of organizing and heading up an engineering department. In reply state full age, qualification, and salary desired. Address T-8, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Experienced Safety Engineer for oilwell drilling contractor, with nine (9) rotary rigs operating in West Texas and Southeast New Mexico Area. In applying, give age, references, and experience. Reply Box S-43, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

ASSISTANT SALES SUPERVISOR WANTED

American agency system automobile—fire—casualty company located in Illinois wants man, 25 to 35, to take special training in field for year or two. Will then go in home office as assistant sales supervisor with eventual advancement to sales supervisorship. Salary is open. Address S-95, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

FIELDMAN ST. LOUIS AND COUNTY

We have an opening for a capable, aggressive man with fire and casualty field experience. No traveling required. This is an opportunity to become associated with a top-rated agency company whose progressive policies are nationally known. Attractive employee benefits. Salary open. Address S-87, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

SAFETY ENGINEER

Cincinnati branch of large multiple line group of insurance companies writing all lines except steam boiler and life. Car furnished. Some travel in southern Ohio and northern Kentucky. 907 Mercantile Library Building, Cincinnati 2, Main 2649.

BOND SPECIAL AGENT

Fidelity-Surety, Eastern Michigan out of Detroit. Large Multiple line Stock Company. State experience, and approximate salary desired. Replies confidential. Address S-86, The National Underwriter Co., 175 West Jackson Blvd., Chicago, Ill.

WANTED

Our fast growing fire and auto insurance companies wish to employ a young man with some fire and auto physical damage adjusting experience. This is a good opportunity. Integrity Mutuals, Post Office Box 499, Appleton, Wisconsin.

FIELD REPRESENTATIVE

Fast growing multiple line independent stock Company operating nationally has outstanding opportunity in Iowa field. It will pay you to investigate. Address S-93, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Desire to purchase all or part interest in established fire and casualty agency. Prefer Colorado, New Mexico or West Coast. Other locations will be considered. 23 years' experience. Replies confidential. Address S-96, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

COMPANY FOR SALE

Small Midwestern Automobile Fire and Theft company for sale. For details write S-97, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

Urged to Require Minimum Reserves by Blue Cross

(CONTINUED FROM PAGE 4)

The Dubuair report said the liability of the plan in a prospective maternity case commences on pregnancy and the claim should be treated as an incurred but unreported case. The true loss ratio would be concealed if maternity claims were not chargeable until the date of delivery of the child. On Dec. 31, 1952, the maternity reserve on account of group A. & H. business by life companies in New York exceeded \$27 million and about \$1½ million on individual A. & H. policies. These figures do not include A. & H. companies.

Commissioner Leslie suggested the possibility of holding a hearing at Chicago to tackle the matter of maternity reserves.

Neil Moore, the Alaskan commissioner, said there is no Blue Cross legislation in his jurisdiction and Blue Cross has just notified him that they intend to come in as a regular insurance company. He solicited aid in working out reserve requirements, etc.

R. J. Albertson, chief examiner of Idaho, in breezy fashion told the trials of the doctors in his state with non-profit plans, especially due to failure to apprehend the cost of deferred maternity benefits. Jay Ketchum of the Blue Shield organization said these were not member units of National Assn. of Blue Shield plans. Mr. Albertson said of five plans in Idaho, two have gone broke. At Idaho Falls, he

said the doctors appealed to the insurance department "to get us out of the insurance business." Arrangements were made for a domestic insurer to absorb that plan and then the reinsurer went broke. Although they thought they had a good deal, this was due to not recognizing the deferred benefits.

At Lewiston the doctors thought they were getting along famously and had \$147,000 in the bank. But when the deferred maternity benefits were computed they were in the hole \$177,000. The doctors there agreed to continue with their contracts but to accept 60% payment of their bills by the plan. This had to be cut to 40% in February.

In Pocatello the plan was taken over by B.M.A. and on the deferred maternity benefits the plan was let off by agreeing to pay \$50 to the doctor and \$50 to the hospital.

The N.A.I.C. session on credit life and credit A. & H. insurance in connection with consumer finance transactions lasted 10 minutes Monday morning. Cheek of North Carolina presided and Leggett of Missouri, as chairman of the life committee, suggested the possibility of holding an all-day session at Chicago on the subject.

Paul Boyer of the Chicago law firm of Hubachek & Kelly, which is general counsel for Household Finance Corp., reaffirmed the H.F.C. position, which is that the model small loan laws that are in effect in many states prohibit the licensee making an identifiable charge to the borrower for insurance or any other contemporaneous tie-in item. H.F.C., he said, wants to maintain the integrity of the small loan business. It approves of insurance if no extra charge is made to the borrower and the lender absorbs the cost. H.F.C. is doing this in 10 states now through a group insurance arrangement with Prudential and will soon be ready to extend the benefit to three other states.

H.F.C. fears that if the insurance commissioners undertake to issue rules and regulations, they may trespass in the precinct covered by the small loan laws. Such regulations might be restrictive in intent but they could be twisted into a language of grant. The problem should be resolved in accordance with the small loan laws, he said. He made clear that he was speaking only for those lenders that are licensed under such laws, and not for banks and other credit institutions that operate on other bases.

Cheek said that in some states the credit life and A. & H. insurance transaction is not prohibited and he vouchsafed that N.A.I.C. would be proceeding properly to develop recommended uniform regulations for such states. He tried to get Mr. Boyer to agree to this and after some fencing between the two the commissioners went into executive session.

Wants Ind. Setup Simplified

Commissioner Wells of Indiana is passing out some gentle hints that he would like to see the number of auto insurance rating territories in his state reduced from eight to four and uniformly on this score among all insurers.

Mich. Mutual Agents' Outing

Michigan Assn. of Mutual Insurance Agents will hold its summer outing June 17 at Grand Haven. Henry J. Bryne, Lumbermen's Mutual of Ohio, Grand Haven, has been making preliminary arrangements.

H. J. Buehler has sold his agency at Cleveland to Jerome A. Weiss of Euclid, O.

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Can't Reduce Commissions Unless Handling Costs Cut

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ing also to approve plans which would increase the term credit for cash in advance.

Many rates for one year are in odd cents, especially on inland marine classes. Time could be saved if all annual renewals were on even cents, eliminating fractions on three or five year rates. Time would be saved in checking rates at all levels.

He suggested publishing all rates on a three year basis with a factor placed in the general basis schedule to get short term rates. He cited the steam boiler manual where the rates are published for the three year term. Consequently, a very large proportion of all B. & M. business is written for three years.

Agents should be able to type continuous or strip policies on what is known as multiform. It would be necessary to eliminate the requirement that the policy be signed by the president and secretary of the company. This ties in with the one policy for coverage that presently is written in several companies for one risk. This would substantially reduce the cost of preparing policies in the agency.

The fire and extended coverage rates should be published as one. This is being done today on automobile comprehensive, the bureaus have a factor for dividing coverages into specific classes, and Mr. Maxwell can see no reason why it should not be done.

Agents need a change in basic rules to enable writing policies for pro rata on short term where it is necessary to preserve a common expiration date. Agents should be permitted to write coverage without endorsing existing policies in new companies at pro rate of the three year rate in order to preserve common expiration date. Where this is permitted today it saves much time in servicing business locally.

On automobile liability and physical damage cover it should be possible to write the policy to make unnecessary an endorsement resulting from car changes or transfer of insurance in the policy term.

Casualty coverages, including automobile, should be available for three year term at some savings in rate, he said. Considerable saving results from a single limit of liability, especially on automobile.

Mr. Maxwell predicted that direct writers will be in for trouble under their new classifications system because they do not have the staffs (as do most companies operating through the agency system) to check and find out for sure if an automobile is driven 7,500 miles a year, if there are operators under 25, and other classification factors. They have to depend largely on reporting services. He believes they will also bog down on practices that will result in increased expense. Rating procedures will not be actuarially accurate and produce the desired results.

He hopes agency stock companies will not be pressured into use of a six months policy at anything less than 55% of the annual rate because of the cost involved. He explained that he was speaking as an individual and not as a policy maker for N.A.I.A.

He also recommended a term rule on small workmen's compensation risks, permission to write policies pro rata for short terms so that they will expire concurrently with the calendar

year of business and thus reduce auditing costs for companies, and fewer W.C. classifications, particularly in the smaller premium classes. He wondered if on many businesses the policies could run concurrently with insured's business year and his social security or income tax returns be used for making audits.

The casualty business needs uniform forms. In the fire field, when an agency takes on a new fire insurer, all it does is send the agency the policies. In casualty, however, the company has to supply all of the endorsements. He said there are 10 casualty companies in his agency at the moment and he thinks it will have to add two additional floors to the building just to hold casualty supplies. That is ridiculous.

He suggested when an agent writes a general agent or a branch office, he send along an extra copy of the letter so that recipient can send one to the home office if necessary and doesn't have to make a copy. Agents need a simplified inexpensive photostating or duplication process to reproduce forms for policies, financial statements of contractors, etc.

The expense factor in rates can be reduced only by reducing the cost of doing business, he reiterated.

Embezzlement Histories in North America Booklet

"The Boss and 20 Thieves," a 12-page booklet describing in fictionalized form actual case histories showing why faithful employees steal from trusting employers is being distributed by Indemnity of North America.

Written by Fred McCord, veteran Philadelphia newspaper man, the descriptions are drawn from Indemnity's records of embezzlements, large and small. Of the case histories selected at random by Mr. McCord, only one discloses that the embezzler had a criminal record before being hired by the company from which he stole.

"How much American business and industry lose yearly to stewardship turned unfaithful is a question hard to answer," Mr. McCord writes. "Efforts have been made to pinpoint it within millions of dollars. The bonding companies do not know because a great many of the victims are unprotected by fidelity insurance. But the claims that the bonding companies pay demonstrate that no business is immune to thievery, however carefully picked its personnel, however sharp and alert its accountants and their methods."

Outing for Home Employees

More than 2,100 members of the 59 Maiden Lane Club, the employe organization of Home, had their annual outing at Bear Mountain, N. Y. A box luncheon was served, and there was dancing in the afternoon as well as athletic activities and a banquet.

Elect Loud at Springfield

Walter C. Loud, Western Adjustment, was elected bullfrog of Springfield puddle of Illinois Blue Goose at its annual meeting and golf outing. He succeeds Wayne S. Sinclair, Aetna.

The new tadpole is Donald R. Patton, Loyalty group, and croaker is M. B. Olsen, Northwestern National.

The golf trophy went to Homer Sturgeon, Pearl.

Speed M.L.G. for Texas

Julian Speed, formerly wielder of Texas Blue Goose, has been elected most loyal gander, succeeding Charles

Blandford. Other officers, all reelected are August Buchel, supervisor; William Johnson, custodian; Herbert West, guardian; Charles Tea, keeper, and Hugh Keepers, welder. Named delegates were Messrs. Speed and Buchel, and Worley Jones and Richard Grammer, Fort Worth, were designated alternates. Membership in the pond is at an all-time high of 365.

Compulsory Auto Insurance Debated at San Francisco

George D. Collins, member of the California legislature and author of a bill to set up a form of compulsory automobile insurance based on workmen's compensation procedure, which has been defeated by committee action—outlined his reasons for presenting such a program in speaking to Insurance Forum of San Francisco, where he debated the question of compulsory insurance against Perry Taft, coast manager of Assn. of Casualty & Surety Companies. Mr. Collins said one of his principal reasons was because of court congestion resulting from the large number of auto liability suits.

He said that between 70 and 75% of cases heard by municipal and superior courts arise from automobile accidents. His bill would set up a referee of the

court who would administer the law as against the commission plan as used in workmen's compensation. He stressed that under his bill no benefits would be payable to a person guilty of violating a law at the time of his injury.

Mr. Taft said the effort to apply the principles of workmen's compensation to automobile accidents would not be successful. Under the compensation act, he pointed out, the employer pays the premium and has some control over the acts of his employees, whereas under the proposed bill there would and could not be any degree of control. He also pointed out that many victims of automobile accidents are not wage-earners.

Ohio Measures Advanced

The Ohio senate has passed a bill requiring hospital service associations to file rates with the insurance department. It has been referred to the house insurance committee.

The house has passed a bill extending the guest non-liability act to airplanes.

Joe Moddrell, Jr., associated with his father in his agency at Wichita, has been named general chairman of the "Frontier Day" rodeo of the Wichita Jaycees Sept. 24-27.

This Agent was A "LIVE WIRE"



He was a top-voltage salesman, a dynamo of energy when it came to making calls. His high-powered approach electrified his prospects but didn't sell insurance. Then came the light! What his clients wanted were facts and information. They wanted horse-power, not high power.

Don't short-circuit your selling. Answering a client's queries is the key that sparks insurance sales. Agents and brokers everywhere are switching to Pearl American for prompt and accurate solutions to their problems. Batteries of well-grounded underwriters and fieldmen, a flexible company attitude, and fast service and information are always available to our agents. Pearl American's policy of complete cooperation can generate new business for you . . . keep old business alive. Join our high-frequency team and see.

PEARL AMERICAN

PEARL ASSURANCE COMPANY, LTD.
EUREKA SECURITY FIRE & MARINE INSURANCE CO.
MONARCH FIRE INSURANCE COMPANY

HOME OFFICE: 19 RECTOR ST., NEW YORK 6, N. Y.

CLEVELAND, 320 Bulkeley Bldg.
PHILADELPHIA, 436 Walnut Street
SAN FRANCISCO, 369 Pine Street

NEW YORK, 85 John Street
CINCINNATI, 1423-24 Carew Tower
CHICAGO, 175 W. Jackson Blvd.

Tells Balance Between Loss of Time, Hospitalization

(CONTINUED FROM PAGE 15)

with an even break, that is, no profit and no loss on hospitalization business."

Aside from the standpoint of the companies involved, Mr. Dowlen said there is another angle just as important, if not more so. "In matters of this kind we must necessarily consider the interests of the people we are attempting to serve. Certainly we are not fulfilling our obligation to the millions of workers and self-employed so long as we stress hospitalization insurance and fail to impress upon them the importance of the more fundamental loss of time coverage. Time and the ability to earn is the most valuable asset and when there is no income over an appreciable period of time, the results may well be disastrous to the average family. It behooves us, therefore, to so train our field forces that they may be able to sell their prospective clients the primary coverage they are most in need of rather than take their orders for coverage of less value which they have heard so much about, or perhaps first sell the primary coverage and then add hospitalization as a supplemental coverage."

Insurers Aid Handicapped

The physically handicapped need not fear the bugaboo of unemployment as far as casualty insurance is concerned, R. B. Cooper, assistant vice-president of American Mutual Liability, told the conference of region 1, National Rehabilitation Assn., at Portland, Me.

"The idea often advanced that insurance companies are opposed to employing the handicapped," Mr. Cooper

said, "is completely erroneous. Actually, they were among the first to support such employment. The failure to employ handicapped persons because of anticipated increased insurance cost is economically unsound."

He pointed out that most of the larger casualty companies now have organized rehabilitation programs of some kind and contribute a large share of the \$200 million spent annually for medical care of injured workers.

Offer Rate Cut Device in Air Vending Policy Field

The Tele-Trip people and American Employers that have the vending machine airplane accident policy, are now giving a 3 cent stamp free with each policy. Thus an applicant could take individual policies for each \$5,000 of coverage desired and thus cut the premium to 22 cents across the board. The maximum that can be bought is \$50,000, so a person could take that in 10 policies and get 30 cents in stamps if he wanted to scrounge around that way.

Associated Aviation Underwriters which is the old established insurer in this field still keeps the 25 cent rate—no free postage stamps.

Aldinger to A.I.U. at Detroit

Jay D. Aldinger, Jr., has joined American International Underwriters Agency, Chicago, as manager for Ohio and Michigan, with office at Detroit.

He entered insurance in 1940 as an underwriter with the Employers group there. He was for a short period with the Loyalty group as a special agent and after navy service became special agent for National Surety in 1946. Since 1948 he has been special agent and Detroit production department manager of Maryland Casualty.

Mutual Claim Men Huddle Over Automobile Problems

(CONTINUED FROM PAGE 7)

by companies on agents to handle claims has now been discarded in a large sense. However, Mr. Haydon suggested, that salaried adjusters may not be operating economically for the company if they are handling certain categories of PD, comprehensive, fire, theft and allied claims when their time might be better spent on BI. All direct and third party claims involving payments of \$100, or even more, might possibly be removed from the traveling adjusters' itinerary, and might be handled by mail or through the agent.

N. S. Chenault, Iowa Hardware Mutual, remarked that he believes it is a mistake to allow the agent to pick the adjuster who will handle his claims. More often than not, the adjuster will feel he is directly responsible to the agent for his business and will be more susceptible to the agent's wishes. The adjuster who gets his business by designation from the home office will feel responsible only to the company and will be to a considerable extent immune from agency pressure.

The handling of smaller claims and draft authority should be given agents on a selective basis, he said. The furnishing of blank drafts to the qualified agent also indicates to him that the company has confidence in him, and in handling the claims he will get a better understanding, by being responsible to some extent for his small losses, of the reason for rate increases.

Conference of Mutual Casualty Companies, of which the claim group is a unit, is the casualty section of National Assn. of Mutual Insurance Companies.

Wis. F. R. Limits Raised

A bill increasing the requirements under provisions of the new Wisconsin financial responsibility law to \$10,000/\$20,000 B.I. and \$5,000 P.D. has been passed and sent to the governor. The requirements have been \$5,000/\$10,000 and \$1,000. A driver without insurance would be required to deposit \$25,000 in cash or insurance, against \$11,000 previously.

An anti-coercion bill has passed by the senate and returned to the house for concurrence in an amendment to make it clear that bill does not apply to individuals dealing with their own property.

N. J. Safety Study Group

A joint legislative resolution for a nine-member commission to study New Jersey traffic safety legislation was signed by Governor Driscoll.

To be composed of three assemblymen, three senators and three to be named by the governor, the commission will study the adequacy of traffic safety legislation, "particularly in reference to the future policy thereof in New Jersey." It will report to the legislature not later than next Jan. 18.

Merit Trophy to Buffalo

The Buffalo branch of Standard Accident was awarded the branch office merit trophy at a luncheon at Buffalo. E. A. Warnica, vice-president of Standard and H. A. White, vice-president, presented the trophy to Gilbert S. Hildebrandt, manager at Buffalo.

Ask Mine "Comp." Rate Revision

Virginia corporation commission has taken under advisement a petition by three insurers for amendments to present rates for workmen's compensation insurance on coal miners. W. B. Davis of the industrial commission told the corporation commission that the present plan is not equitable and that some change is needed, but took no position

on which of two proposed changes should be adopted.

Bituminous Casualty and Eureka Casualty argued for a plan whereby large mines, those with payrolls in excess of \$30,000 annually, and small mines would have different rates based on their experience.

Coal Operators Casualty preferred a plan based on the assumption that all miners get union wages. A spokesman said this would be the only way to eliminate present inequities since the rates are based on wages paid. At present, he said, mines paying union wages of \$18.25 a day are carrying much of the load for the small non-union mines, some of which pay as little as \$8.50 a day.

Aetna Casualty Has Display of Foreign Safety Posters

A display of foreign safety posters, illustrating how other nations are approaching the universal problem of accident and fire prevention, has been prepared for exhibition throughout the country by the public education department of Aetna Casualty.

The display of 24 posters, selected from a collection of more than 200 received from many foreign countries, will be exhibited at a number of large department stores through the cooperation of Associated Merchandising Corp. The first exhibit was at Thalhimer Brothers, Richmond, Va., the first week of June.

In the display are posters from Australia, British West Indies, Canada, Denmark, England, India, Ireland, Italy, South Africa and Switzerland. Posters with captions in foreign languages carry special imprints on the mounting showing the English translation.

Keynoting the display is a central panel stating that "interest in safety is universal" and pointing out that "these posters from many lands show the different approaches to common problems."

Code of Ethics Bill in Fla.

The Florida senate has passed and sent to the governor a bill setting up a code of ethics for the insurance business. Senator Rodgers of Winter Garden, chairman of the insurance committee, said the measure had been approved by the commissioner and also by the industry.

The bill contains an anti-coercion provision. Another section permits the insurance commissioner, after a hearing, to revoke the license of an agent.

Asks Probe of Complaints

Gov. J. Lausche of Ohio has asked Superintendent Robinson to investigate complaints from motorists that their insurance has been cancelled since the financial responsibility act went into effect. The governor said that some action may have to be taken. He said the complaints were mostly from "little fellows" who have no financial backing.

The Meade Company, prominent local agency of Topeka, was honored by a dinner party at Topeka Country Club, by executives of American Auto upon the 25th anniversary of representation. Edgar F. Gieck, vice-president from the home office, represented the company's management.

Holmes Meade, president, was presented a sterling silver desk calendar.

Elgin-Aurora Insurance Agents Assn. will hold its annual field day at Elgin Country Club, Elgin, Ill., June 11.

Lieut. Caspar H. Brown, Jr., has returned from army air force service and has again become connected with the Feffer & Brown agency at Springfield, Ill., with which his father is also identified.

PROOF OF PROGRESS

In its first full year of operation, The Insurance Company of Texas has shown spectacular growth. Year's end found this "proof of progress"—an amazing...

252% increase in assets
257% increase in capital and surplus
Agents increased from 212 to 3,262

This dramatic growth demonstrates forcibly that union members, their families and friends—half a million partners in progress—can and will do business with themselves. With this philosophy as its foundation, The ICT accepts the future as a challenge—an opportunity to set new records, gain new recognition, build a better America.

THE INSURANCE COMPANY OF TEXAS

Jack Cage and Company, Managers

320 OWNED BY UNION MEMBERS • BUILDING A BETTER AMERICA



1886—OVER A HALF CENTURY OF SERVICE—1953

The North American Accident Insurance Co.

209 So. LaSalle St., Chicago, Illinois

We write every practical form of Life, Accident, Health, Hospitalization and Medical Expense Insurance

District Managers and Representatives WANTED

S. ROBERT RAUWOLF, Agency Vice President

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Legal Obligations of Agent to His Company and Client

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the important facts, name of insured, location, amount of insurance, date and time of inception and insurer in which he intends to write the cover. The expense is tax deductible. If a question arises, the agent has the important records, including exact time of binder, of an independent agency. He is also protected against the slight chance that insured was calling for a binder while a fire was burning.

Another legal pitfall for the agent is the financial one. Numerous questions have arisen as to his responsibility to insurers for premiums collected and whether he is required to keep the identical money collected intact and turn it over to the company, or whether he can co-mingle the money but remain liable to the company for its premiums.

In 1943 the New Jersey supreme court in *Manufacturers Casualty vs. Mink*, 129 N.J.L. 575, 30 Atl. 2nd 510, held the broker liable to the company, in an action for conversion, because the agent was under the duty of accounting for the monies collected for it by him less his commission, since he was a fiduciary, and the money, less his commission, belonged to the insurer. The court did say in that case that the agent was not required to keep the identical money collected intact, and turn it over to the company.

In the same case the court also decided a point that is of wide interest. The agent contended that the insurer upon termination of his agency agreement solicited his insurance accounts and obtained a large part of his business. The court held that, there being no contract between the parties to the contrary, the company had a right to solicit insurance from the defendant's customers.

On the other side, the agent owes certain duties and has certain liabilities to insured. Many agents will handle only direct business with insured. Others handle business through brokers. If a broker is in the picture, in most instances the agent has no direct liability to insured because the broker is insured's agent. In those cases where the business is written directly there are a number of interesting provisions.

The duties owed to insured are of a nature similar to those owed to insurer. The agent must not exceed his authority or depart from his instructions. He must exercise reasonable skill and ordinary diligence as may

fairly be expected from a person in his situation doing what is necessary to effect a policy in seeing that it effectually covers the property to be insured, in selecting the insurer and ascertaining that it is of good credit and standing, and in obtaining as good terms as are reasonably possible. The agent must exercise good faith both toward the insurer and insured.

An agent may be held liable to insured for failure to disclose to insurer all of the knowledge he has concerning the risk, if insurer should use the lack of knowledge to bar insured's claim.

If there is a tight squeeze and it is the agent's neck or insured's pocket-book, Mr. Gennet pointed out, insured may try to sacrifice the agent's neck.

Don't go too far out on a limb for insured, he advised.

If the agent knows that insured has had a previous burglary and the agent is writing a new policy, the latter should not omit the information about the previous burglary even if insured urges him to do so. In event of loss and insurer sets up the breach of warranty, insured will plead innocent and try to shift the responsibility to the agent. The agent might be held liable because he is the expert and insured is the layman.

Frequently opinion differs between insured and agents concerning the extent of coverage. Suppose a client advises the agent that he is going into a certain business and wants all the necessary insurance to properly protect him. To protect himself, Mr. Gennet suggests the agent make a list in writing of all insurance he thinks insured should carry. If insured wants to eliminate any of the items from the list, the agent should either obtain a notation from him on that list as to what he wants eliminated, or write him a letter confirming the fact that in accordance with his instructions the agent is not writing the following insurance, listing the coverages which he has eliminated contrary to the agent's advice. Mr. Gennet recommended doing the same thing where there is a question of limited liability on indemnity policies.

The agent is liable to insured if he undertakes to procure insurance and fails to do so without good reason. It has been held by many courts that the agent has the duty to obtain the insurance, once he has undertaken to do so, unless he is unable to procure it. In that case he must give notice to the owner, who is the agent's principal, within a reasonable time.

Again he suggested that upon receiving the order to procure the insurance, and in some cases receiving a check for the premiums in advance, the agent immediately write to insured, advising him that he is not bound until the agent advises him that he is and that he, the agent, is holding his check or the proceeds of it, until he has procured the insurance desired.

There are many other cautions for agents, Mr. Gennet advised. For instance, concurrency in coverage among policies should be checked; monthly reports filed by insured should be checked to avoid the question of co-insurance. Coverage is a very important item for which the agent is often blamed when, as a matter of fact, insured did not disclose all of the facts.

Since last September Mr. Gennet has tried several cases for insurers dealing with coverage, wherein the court held that the policies in question did not cover the losses in question,

and in each case Mr. Gennet heard insured tell his lawyer, after he lost his case, that he wanted to sue his insurance agent because he didn't give him proper coverage.

One case Mr. Gennet tried quite recently involved the question of whether an automobile policy with the dealer's monthly reporting form and open lot storage form covered certain portable pumps which the dealer had purchased with certain surplus trailers. The pumps had been removed from the trailers for storage at another location for safekeeping. Since there was no identification or correlation between the particular pumps stolen and the trailers owned by insured, the court held that the pumps were not parts of the trailers, their equipment, or equipment permanently attached thereto, and entered a judgment for the insurer. Mr. Gennet understands that insured is going to try to hold the broker, who he claims told him that the pumps, though portable, were considered part of the trailers and were covered under the automobile policy.

Mr. Gennet reassured his audience, however, that every profession or business or job has its legal pitfalls. If the agent tries to do a good, honest job in accord with his conscience and his knowledge of the business, and tries to follow through efficiently on anything he undertakes, even though some phases of it are very difficult, he will not be on the short end of claims made by his companies or clients.

Convention Dates

June 11-13, Mississippi Agents, annual, Buena Vista hotel, Biloxi.
June 12, Mutual Fire Insurance Assn. of New England, annual, Boston.
June 14-16, California County Mutual Insurance Assn., annual, Laguna Beach hotel, Laguna Beach.
June 15-16, Eastern Underwriters Assn., mid-year, Pocono Manor, Pa.
June 16-18, Fire Prevention Assn. of Ohio, annual, Summit hotel, Uniontown, Pa.
June 16-18, Ohio Fire Underwriters Assn., annual, Summit hotel, Uniontown, Pa.
June 17-19, National Assn. of Public Insurance Adjusters, Edgewater Beach hotel, Chicago.
June 17-19, Maryland Agents midyear, Ocean City.
June 17-19, American Management Assn., annual Hotel Statler, New York City.
June 17-19, National Assn. of Insurance Women, annual, Cleveland.
June 18-20, National Assn. of Independent Adjusters, Fairmont hotel, San Francisco.
June 20-24, Conference of Mutual Casualty Companies, management conference, Traverse City, Mich.
June 22-24, Virginia Agents, annual, Hotel Roanoke, Roanoke.
June 24-25, Wisconsin Fire Underwriters Assn., annual, Maxwellton Braes, Baileys Harbor.
June 26-27, Florida Assn. of Independent Adjusters, Orlando.
June 28-30, New England Agents, Poland Spring, Me.
June 29-July 1, International Assn. of A. & H.

New Interpretation of Benefit Plan Rules

Wage and hour administrator McComb has issued revised regulations and interpretations on profit-sharing and benefit plans, and will now accept as bona fide, in absence of contrary evidence, a plan qualifying under section 165 (A), internal revenue code, if the plan's primary purpose is to provide employees with retirement, disability, medical, hospital, etc., benefits.

Benefit plan revisions eliminate previous requirement that employer's contributions must be paid over to a third party trustee. Trustee hereafter may be affiliate of employer. It is made clear that benefit plans may be financed out of profits, thus eliminating uncertainty whether payments under such plans must meet tests for profit-sharing plans or benefit plans.

The profit-sharing regulations are effective July 10, benefit plan interpretations June 10.

Underwriters, annual, Edgewater Beach hotel, Chicago.
Aug. 9-12, West Virginia Agents, annual, Greenbrier, White Sulphur Springs, W. Va.
Aug. 19-22, Federation of Insurance Counsel, Bedford Springs hotel, Bedford, Pa.
Aug. 23-25, Wyoming Agents, annual, Cheyenne.
Aug. 23-25, Kentucky Mutual Agents, Lexington.
Aug. 24-26, International Federation of Commercial Travelers Insurance Organizations, annual, Jasper Park Lodge, Jasper National Park, Alberta, Can.
Aug. 24-27, Blue Goose Grand Nest, Royal Alexandra hotel, Winnipeg, Manitoba, Can.
Aug. 30-31, Oregon Agents, annual, Multnomah hotel, Portland.
Sept. 2-4, Washington Agents, annual, Olympic hotel, Seattle.
Sept. 9-11, Maine Agents, annual, Samoset hotel, Rockland.
Sept. 11-12, New Mexico Agents, annual, La Fonda hotel, Santa Fe.
Sept. 13-15, Pennsylvania Assn. of Insurance Agents annual, Bedford Springs, Pa.
Sept. 13-16, Michigan Agents, annual, Grand hotel, Mackinac Island.
Sept. 14, Vermont Agents, annual, Lake Morley Inn, Fairlee.
Sept. 14-15, Texas Assn. of Mutual Fire & Storm Insurance Companies, annual, Driskill hotel, Austin.
Sept. 14-15, Utah Agents, annual, Ben Lomond hotel, Ogden.
Sept. 14-16, International Claim Assn., annual, Sagamore, Bolton Landing, Lake George, N. Y.
Sept. 14-16, Montana Agents, annual, Butte.
Sept. 14-18, National Society of C.P.C.U., Bellevue-Stratford hotel, Philadelphia.
Sept. 16-18, Ill. Assn. of Mutual Insurance Companies, annual, Pere Marquette hotel, Peoria.
Sept. 17-18, Minnesota Agents, annual, Radisson hotel, Minneapolis.
Sept. 18-25, Nevada Agents, annual Las Vegas.
Sept. 20-21, Insurance Federation of North Dakota, Fargo.
Sept. 20-23, Idaho Agents, annual, Sun Valley Lodge, Sun Valley.
Sept. 21-23, American Mutual Alliance, Insurance forum, Hotel Somerset, Boston.
Sept. 22-23, New Hampshire Agents, annual, Wentworth hotel, Portsmouth.
Sept. 23-25, New Jersey Agents, annual, Haddon Hall, Atlantic City.
Sept. 24, Washington Agents, annual, Olympic hotel, Seattle.
Sept. 18-25, Nevada Agents, annual Las Vegas.
Sept. 28-Oct. 1, National Assn. of Insurance Agents, annual, Washington, D. C.

FIRE REINSURANCE MANAGER

Southern organization has excellent opportunity for man with these qualifications: 1) Heavy background Fire Underwriting. 2) Extensive experience in the handling of reinsurance beyond conventional lines of application after contracts have been effected. 3) Fully qualified in home office company management including full knowledge of agency and production development. Age to 50. Starting salary \$7,200.

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Top casualty company needs Illinois field man, with at least 8 years Illinois field experience. Appearance and personality important. Very good position for qualified man. Age to 45. Starting salary \$6,500.

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Warns Agents to Prepare Now for Period of Declining Income

Management service surveys of more than 1,000 agents show that the greatest interest of producers is in record keeping, collections, production planning and sales, partnership agreements and agency reserves. W. S. Chandler, secretary of Phoenix of Hartford group, told North Carolina Assn. of Insurance Agents at its annual convention in Pinehurst. Mr. Chandler organized the agency management service department of the company in 1949, and it is that department which makes the surveys.

Phoenix had assumed all aggressive, cost-conscious agents were using the multiple copy billing system. But after checking, it found that out of more than 500 agents 85% still are not using it to fullest advantage. The 5-copy multiple billing set saves clerical and other office expenses, materially speeds up collections and eliminates wasteful duplication of work. Mr. Chandler also recommended cycle billing, which lessens end of the month statement preparations and first of the month billing work. Statements go into the mail more promptly, collections come through more quickly, and operating capital is used more efficiently.

A basic element in a sound collection system is use of extra copies of the invoice as statements.

The agent should ask for payment of premium when the order is taken or when the policy is sent out, he advised. Failing that, payment should be within 30 to 45 days and except in rare instances the policy should be cancelled at the end of 60 days. Phoenix has developed a set of eight tested collection letters and one for renewals. He cited the collection idea of a Cape Cod agent who encloses a filled out money order in all collection letters to customers who do not pay by check. All the customer has to do is to take it to the post office with the cash.

The clerical staff represents the agent's largest single item of expense, and it is significant that agents who make the most profit have fewer but better qualified and well trained employees. Machines to type electrically, calculate, dictate, account, duplicate, address, open, seal and stamp envelopes, etc. play a big part in increasing office efficiency and work output. The addition of dictating equipment alone often will lick the problem of another clerk. Once the machine is paid for, the agent does not have to keep paying it a salary every week.

The distance between A and Z keeps increasing all the time, he said, because there are more customers to serve, more vital statistics, and more records to keep than ever before. The file everything system is a foolish waste of time, effort and money. Every day, at considerable cost, agents are filing countless items, pieces of paper and records which will never see the light of day again. This is luxury information which few agents can afford to have. Keep only records that are used, he urged.

Agents today are keenly interested in partnership agreements. He suggested periodic revision of the agreement to comply with changed conditions. There are 20 essential items which should be checked at the time an agreement is drawn, but two compel special consideration.

The first is the disability provision.

Many such agreements fail to provide for total and permanent disability, mental or physical, of one partner. Yet if there is a partnership of two men, one of whom can become totally and permanently disabled, it will mean that one partner will have to do 100% of the work for 50% of the pay. This is all right for a while, but inevitably there comes a time when definite arrangements must be made.

In one partnership a partner became mentally disabled. He was confined to an institution. Every three or four months apparently he became well enough to return but created such havoc that his partner in desperation tried to buy him out. The transaction was about to be completed when the man was recommitted, and his partner had to deal with a committee for a mentally unstable person. After 2½ years of difficult negotiation and much mental anguish, the matter was finally settled at a cost far in excess of a normal dissolution.

The partners can purchase a non-cancellable A. & H. policy on each other. Premiums are charged against the partnership, although not deductible expenses for tax purposes. In event of total disability, the disabled partner receives his full share of partnership profit less the proceeds of the A. & H. policy, say for one year. For the second year he gets one-half his normal profits and for the third year one-quarter, less proceeds of the A. & H. policy. Thereafter he has no further interest in the partnership, though he still receives the proceeds of his A. & H. policy. The dollars received from such insurance are tax free.

The second most important provision should deal with continuation of a partnership in event of the death of one partner. To provide for this the agency can purchase adequate life insurance on each partner. Upon the death of one partner, the other will buy out his interest without being forced to borrow, give notes, or work out other arrangements in order to purchase the interest. Premiums for the insurance are not deductible for tax purposes. A second method is outright purchase without any financing by life insurance. The surviving partner may not be able to do this because of the current income tax costs. Payments made to the widow would not be tax deductible since they would come under the purchase rule.

Another method is a liquidation provision. Under this the estate of the deceased partner represented by the widow continues as a member of the partnership. After being paid for her share of whatever physical assets the partnership may have, the widow would receive a percentage of the profit for a specified time, generally the equivalent of one year's commission paid over a five-year period. Under current law the surviving partner can deduct his payments as an expense of the partnership, under the income rule. The transaction is not considered a sale. In effect the widow continues as a partner for the period. The widow, however, must declare and pay tax on the payments she receives. However, to insure this outcome and avoid costly tax consequences, the agreement must not contain any language indicating an intended purchase or sale.

Mr. Chandler believes that agents would be wise to prepare now to meet a situation in which their overhead continued to be fixed and premium volume goes down. He recommended strongly planned account selling.

Not one agent in 10 maintains an adequate reserve, he said. In the depression thousands of agents thought to be financially sound went to the wall. In E.U.A. territory alone, more than 1,600 agencies went into committee and 640 of them did not survive. An adequate reserve and a strict collection control system is the best guarantee the agent can have of continued solvency in time of economic stress or when the agent is absent from supervision of the agency for any protracted period as the result of accident or illness. He warned that it takes five to 10 years for an agency to become even reasonably depression proof.

Single Location A to Be Used More in N. Y.

NEW YORK—Adoption of the rule generally permitting reporting form A for the insurance of single locations in New York State is expected, following authorization by deviation in the case of Atlantic companies and North America group. New York is the last jurisdiction where such coverage is not permitted.

The rule has had strong opposition in the past on the grounds of expense, discrimination between companies and insured, etc.

Name Safety Award Judges

President Walter M. Sheldon of National Assn. of Insurance Agents has announced the judges for the annual fire safety award contest open to all state associations. They are: Curtis Welborn, president of Underwriters' Laboratories; Frank Roberts, executive vice-president of Glens Falls, and William J. Gaul, Allentown, Pa., chairman of the fire prevention committee of Pennsylvania Assn. of Insurance Agents. August 15 is the deadline for entries in the contest.

Home Has 50-Cent Dividend

Directors of Home have declared a dividend of 50 cents per share, payable Aug. 1 to stockholders of record July 1. This will be the second quarterly dividend to be paid by Home at the increased annual rate of \$2 established earlier this year.

N. A. Shifts Dividend Plan

North America, which has been paying a 50-cent extra dividend in January, now has shifted to a quarterly dividend of 62½ cents instead of 50 cents. The new quarterly was declared payable July 15 to holders of June 30.

Leslie B. Miller of Louisville Fire & Marine gave a breakfast featuring a specially prepared ham for commissioners at San Francisco Tuesday.

C. F. J. Harrington, executive vice-president of National Assn. of Casualty & Surety Agents, is going on from the N.A.I.C. meeting to Hawaii.

WILLIAM H. LAIRD, 53, vice-president of Marsh & McLennan at Minneapolis, died suddenly June 9. He would have been with the organization 30 years next November. Besides acting in an advisory engineering capacity, he supervised a number of important accounts.

Effect of Statutory Fire Form on M. L. Only One Phase of Problem

SAN FRANCISCO—The industry committee appointed by the commissioners last December to review the background of standard fire policy legislation and the law as it is today with reference to problems arising from use of the statutory fire policy in writing multiple line coverages, reported here. J. Raymond Berry, general counsel of National Board, a member of the committee, made the report.

The committee concluded that since many factors, statutory and non-statutory, play a part in development of M. L. underwriting, a part at least as great as and probably greater than that played by statutory fire policy laws, and these factors have not been resolved, it should get an expression from the fire and marine committee of N.A.I.C. as to whether its work should be continued at this time. The report pointed out that these other factors would still have to be considered if there were no statutory fire policy laws.

Members of the industry committee are American Mutual Alliance, American Reciprocal Insurance Assn., Factory Mutuals, Assn. of Casualty & Surety companies, National Assn. of Independent Insurers and National Board. Time did not permit the results of the committee's study to be submitted to the respective organizations, the report stated. Consequently the views expressed in the report are those of individuals on the committee who represented their organizations.

Standard fire policy legislation resulted from several forces, including the desire of commissioners to protect the public from unduly restrictive provisions and the desire of borrowers, lenders and the public for a uniform contract. It noted that litigation on fire insurance contracts is at about the irreducible minimum. Enlightened adjustment practices have played a part in this result, and uniform contracts have contributed. A quite recent survey showed less than 1% of all fire insurance claims resulted in litigation.

In 22 states statutes are either silent on a statutory form or leave with the regulatory authorities the power to approve a form. In 26 states the statutes either set the form or make mandatory the use of the New York form. Obviously the 22 states present no problem within the scope of the committee's assignment, though in some cases because of opinions by attorney generals, some M. L. contracts have failed to get approval.

In the 26 states with statutory forms, it would be necessary to make a detailed study of statutes to determine the degree to which the statutory fire policy might be endorsed to provide additional coverages. In practically all jurisdictions the problem is one of writing a combination of coverages with a separate rate for each cover.

However, when the M. L. contract becomes all risk with indivisible premium, a number of other questions may arise which go beyond policy draftsmanship. Here again, as in non-statutory states, failure to get regulatory okay has been due in part at least to statutory provisions other than standard policy statutes.

• Joseph B. Sims, North British group, spoke to the Brady, Tex., Lions club on fire prevention and inspection work.

JANUARY FIRST NINETEEN FIFTY-THREE

FINANCIAL STATEMENT

AMICO

As of December 31, 1952, as reported to the Department of Insurance, State of Illinois
All bonds amortized. Stocks at book value, which is less than market value.

Cash in banks	\$ 3,172,352.70
U.S. government bills, certificates and notes	11,393,816.10
U.S. government bonds	19,624,173.21
State, county and municipal bonds	1,234,057.20
Public utility and other bonds	501,126.79
Stocks	589,699.87
First mortgage loans on real estate	63,361.58
Premiums in transmission	1,987,377.16
Accrued interest and other assets	322,344.19
Total admitted assets	\$ 38,888,308.80

assets

Reserve for losses and adjusting expenses	\$ 22,422,547.00
Reserve for unearned premiums	8,079,326.00
Reserve for taxes and expenses	1,263,411.62
Reserve for dividends to policyholders	2,123,024.18
Reserve for portfolio fluctuation	500,000.00
<i>Reserve for contingencies</i>	<i>500,000.00</i>
Total	\$ 34,888,308.80
Capital stock	\$ 2,000,000.00
<i>Net surplus</i>	<i>2,000,000.00</i>
Capital stock and surplus	4,000,000.00
Total	\$ 38,888,308.80

liabilities

AMERICAN MOTORISTS
INSURANCE COMPANY

SHERIDAN ROAD AT LAWRENCE AVENUE • CHICAGO 40

*Securities carried at \$2,629,272.66 in the
above statement are deposited as required by law.*

JAMES S. KEMPER, chairman

H. G. KEMPER, president

FIRE · MARINE · CASUALTY · SURETY

Loyalty Group

I N S U R A N C E

FINANCIAL STATEMENTS DECEMBER 31, 1952

VALUATIONS ON BASIS APPROVED BY NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Companies	Capital	Total Admitted Assets	Liabilities (except capital)	Surplus to Policyholders
Firemen's Insurance Company of Newark, N. J. <small>Organized 1855</small>	\$11,925,000.	\$125,872,513.	\$71,027,539.	\$54,844,974.
Girard Insurance Company of Philadelphia, Pa. <small>Organized 1853</small>	1,000,000.	12,515,163.	8,032,056.	4,483,107.
National-Ben Franklin Insurance Co. of Pitts., Pa. <small>Organized 1866</small>	1,000,000.	12,310,134.	7,653,165.	4,656,969.
Milwaukee Insurance Company of Milwaukee, Wis. <small>Organized 1852</small>	2,000,000.	32,979,149.	20,735,873.	12,243,276.
The Metropolitan Casualty Insurance Co. of N. Y. <small>Organized 1874</small>	1,500,000.	38,563,554.	30,241,571.	8,321,983.
Commercial Insurance Company of Newark, N. J. <small>Organized 1909</small>	2,000,000.	45,543,960.	35,212,720.	10,331,240.
Royal General Insurance Company of Canada <small>Organized 1906</small>	100,000.	452,493.	1,155.	451,338.

HOME OFFICE

10 Park Place
Newark 1, New Jersey

WESTERN DEPARTMENT
120 So. LaSalle Street
Chicago 3, Illinois

SOUTHWESTERN DEPARTMENT
912 Commerce Street
Dallas 2, Texas



CANADIAN DEPARTMENTS
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.

PACIFIC DEPARTMENT
220 Bush Street
San Francisco 6, Calif.

FOREIGN DEPARTMENTS
102 Maiden Lane
New York 5, New York
206 Sansome Street
San Francisco 4, Calif.